

MONTANA LEGISLATIVE HISTORY

Chapter 496 19 97

Bill H _____ S 57

Original bill & history Y c

H. Committee on Taxation

Hearing Date(s) 2/7 X c

3/14 X c

_____ c

_____ c

Date Out _____ c

S. Committee on Taxation

Hearing Date(s) 1/14 X c ^{no} Exh into

1/28 X c ^{2 Law} Library

_____ c

_____ c

Did this bill originate in an interim committee? _____ Yes _____ No

Committee _____

Report _____

Conference Committee 4-18 - no minutes

Free Conference committee 4-18

LEGISLATIVE HISTORIES

The 1997 Montana Legislature dramatically changed the nature of legislative minutes. This altered format continues with the 1999 legislative minutes. The minutes from House committees are extremely sparse in content, offering no substantive information from which to glean legislative intent. The Senate committees' minutes are fuller in content.

Exhibits, which include written statements, attendant information, roll call votes, roll call attendance, a list of those from the public who were present, and specific action taken on legislative bills, will be available only through the Historical Society Archives, 444-4774, and from a CD-ROM produced by the Legislative Services Division, 444-3064.

Just as in the 1997 legislative session, the 1999 House and Senate committee hearings were recorded. For information on accessing the tapes, or purchasing them, contact the Archives, 444-4774.

If you have concerns over the format of these legislative minutes, it is suggested that you contact your state legislators.

3/31	RETURNED TO SENATE WITH GOVERNOR'S PROPOSED AMENDMENTS		
4/07	2ND READING GOVERNOR'S PROPOSED AMENDMENTS NOT CONCURRED	35	14
	HOUSE		
4/08	2ND READING GOVERNOR'S PROPOSED AMENDMENTS NOT CONCURRED	87	12
	SENATE		
4/09	TRANSMITTED TO GOVERNOR FOR RECONSIDERATION		
4/18	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 296		
	EFFECTIVE DATE: 04/18/97		

SB 56

INTRODUCED BY LYNCH

LC0424 DRAFTER: CAMPBELL

REGULATE PRIVATELY OWNED, FOR-PROFIT, PERPETUALLY MAINTAINED CEMETERIES

BY REQUEST OF DEPARTMENT OF COMMERCE

12/26	INTRODUCED		
12/30	FISCAL NOTE REQUESTED		
1/03	REFERRED TO BUSINESS & INDUSTRY		
1/06	FISCAL NOTE RECEIVED		
1/06	FIRST READING		
1/07	FISCAL NOTE PRINTED		
1/14	HEARING		
1/23	COMMITTEE REPORT—BILL PASSED AS AMENDED		
1/25	2ND READING PASSED	46	0
1/27	3RD READING PASSED	50	0
	TRANSMITTED TO HOUSE		
1/28	FIRST READING		
1/28	REFERRED TO BUSINESS & LABOR		
2/04	HEARING		
2/05	COMMITTEE REPORT—BILL CONCURRED		
3/04	2ND READING CONCURRED	90	10
3/05	3RD READING CONCURRED	88	11
	RETURNED TO SENATE		
3/10	SIGNED BY PRESIDENT		
3/10	SIGNED BY SPEAKER		
3/11	TRANSMITTED TO GOVERNOR		
3/13	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 52		
	EFFECTIVE DATE: 10/01/97		

SB 57

INTRODUCED BY WATERMAN, ET AL.

LC0219 DRAFTER: MARTIN

REVISE THE CLASSIFICATION, VALUATION, AND TAXATION OF MOTOR VEHICLES

BY REQUEST OF REVENUE OVERSIGHT COMMITTEE

12/27	INTRODUCED		
1/02	FISCAL NOTE REQUESTED		
1/03	REFERRED TO TAXATION		
1/06	FIRST READING		
1/10	FISCAL NOTE RECEIVED		
1/11	FISCAL NOTE PRINTED		
1/14	HEARING		
1/28	COMMITTEE REPORT—BILL PASSED AS AMENDED		
1/30	2ND READING PASSED	48	0
1/31	3RD READING PASSED	46	0

	TRANSMITTED TO HOUSE		
2/01	FIRST READING		
2/01	REFERRED TO TAXATION		
2/07	HEARING		
3/15	COMMITTEE REPORT—BILL CONCURRED		
4/14	2ND READING CONCURRED AS AMENDED	82	18
4/16	REVISED FISCAL NOTE REQUESTED		
4/16	3RD READING CONCURRED	74	25
	RETURNED TO SENATE WITH AMENDMENTS		
4/17	2ND READING AMENDMENTS NOT CONCURRED	49	0
4/17	CONFERENCE COMMITTEE APPOINTED		
4/18	HEARING		
4/18	CONFERENCE COMMITTEE REPORT NO. 1		
4/18	CONFERENCE COMMITTEE DISSOLVED		
4/18	FREE CONFERENCE COMMITTEE APPOINTED		
4/18	FREE CONFERENCE COMMITTEE REPORT NO. 1		
4/18	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	41	1
4/19	REVISED FISCAL NOTE RECEIVED		
4/19	REVISED FISCAL NOTE PRINTED		
4/19	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	47	0
	HOUSE		
4/17	CONFERENCE COMMITTEE APPOINTED		
4/18	CONFERENCE COMMITTEE DISSOLVED		
4/18	FREE CONFERENCE COMMITTEE APPOINTED		
4/18	FREE CONFERENCE COMMITTEE REPORT NO. 1		
4/19	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	77	19
4/19	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	72	25
4/24	SIGNED BY PRESIDENT		
4/24	SIGNED BY SPEAKER		
4/24	TRANSMITTED TO GOVERNOR		
5/01	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 496		
	EFFECTIVE DATE: 05/01/97—SECTIONS 25, 39 & 42		
	EFFECTIVE DATE: 01/01/98—SECTIONS 1-24, 26-38, 40 & 41		

REQUIRE ISSUERS OF CREDIT CARDS OR SIMILAR LOAN ADVANCE
ACCESS DEVICES TO OBTAIN CONSENT FROM A MINOR'S PARENT OR
LEGAL GUARDIAN BEFORE ISSUING A CREDIT CARD OR SIMILAR LOAN
ADVANCE ACCESS DEVICE TO THE MINOR

12/27	INTRODUCED		
1/03	REFERRED TO BUSINESS & INDUSTRY		
1/06	FIRST READING		
1/14	HEARING		
1/17	COMMITTEE REPORT—BILL PASSED AS AMENDED		
1/18	2ND READING PASSED	41	0
1/20	3RD READING PASSED	49	0
	TRANSMITTED TO HOUSE		
1/21	FIRST READING		
1/21	REFERRED TO BUSINESS & LABOR		
1/24	HEARING		
1/25	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
2/01	2ND READING CONCURRED	80	18
2/03	3RD READING CONCURRED	84	15

SENATE BILL NO. 57

INTRODUCED BY WATERMAN

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE CLASSIFICATION, VALUATION, AND TAXATION OF MOTOR VEHICLES; TAXING AUTOMOBILES, TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF 1 TON OR LESS, VANS, AND SPORT UTILITY VEHICLES AT 2 PERCENT OF THE DEPRECIATED VALUE OF THE MANUFACTURER'S SUGGESTED RETAIL PRICE; EXEMPTING FROM PROPERTY TAXATION BUSES, TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF MORE THAN 1 TON, TRUCK TRACTORS, AND PERSONAL PROPERTY ATTACHED TO THESE EXEMPT VEHICLES; IMPOSING A FEE IN LIEU OF PROPERTY TAXES ON BUSES, TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF MORE THAN 1 TON, AND TRUCK TRACTORS; PROVIDING FOR THE PRORATION OF THE FEE IN LIEU OF TAX; CLARIFYING THAT SPECIAL MOBILE EQUIPMENT IS SUBJECT TO PROPERTY TAX; REPLACING THE TAX ON QUADRICYCLES WITH A FEE IN LIEU OF TAX; AMENDING SECTIONS 7-1-2111, 15-6-138, 15-6-201, 15-8-111, 15-8-201, 15-8-202, 15-16-202, 15-50-207; 20-9-141, 20-9-331, 20-9-333, 20-9-360, 20-9-501, 20-10-144, 20-10-146, 61-3-101, 61-3-208, 61-3-303, 61-3-456, 61-3-501, 61-3-503, 61-3-504, 61-3-506, 61-3-507, 61-3-509, 61-3-527, 61-3-535, 61-3-537, 61-3-701, AND 61-12-402, MCA; REPEALING SECTIONS 15-24-101, 15-24-102, 15-24-103, 15-24-104, 15-24-105, AND 15-24-2501, MCA; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because 61-3-506 gives rulemaking authority to the department of justice to implement the new methods for the valuation and taxation of light motor vehicles and for the imposition of fees in lieu of tax on buses and trucks. The rules adopted by the department may contain criteria for determining the manufacturer's suggested retail price, an alternative valuation when the manufacturer's suggested retail price is unavailable, the date of manufacture for vehicles not commercially manufactured for consumer purchase, and the age and rated capacity of buses and trucks.

The legislature contemplates that the rules adopted by the department should address, at a minimum, the following:

- (1) the methods for determining the valuation of light motor vehicles for taxation purposes;
- (2) the assessment and collection of taxes and fees on motor vehicles and buses and trucks;
- (3) the methods for determining the manufacturer's suggested retail price for the valuation of motor vehicles;
- (4) the procedures for establishing an equitable alternative value for vehicles that do not have a published manufacturer's suggested retail price; and
- (5) the procedures for determining the age and manufacturer's rated capacity for buses and trucks.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-1-2111, MCA, is amended to read:

"7-1-2111. Classification of counties. (1) For the purpose of regulating the compensation and salaries of all county officers, not otherwise provided for, and for fixing the penalties of officers' bonds, the counties of this state must be classified according to the taxable valuation of the property in the counties upon which the tax levy is made, except for vehicles subject to taxation under 61-3-504(2), as follows:

- (a) first class--all counties having a taxable valuation of \$50 million or ever more;
- (b) second class--all counties having a taxable valuation of ~~more than~~ \$30 million or more and less than \$50 million;
- (c) third class--all counties having a taxable valuation of ~~more than~~ \$20 million or more and less than \$30 million;
- (d) fourth class--all counties having a taxable valuation of ~~more than~~ \$15 million or more and less than \$20 million;
- (e) fifth class--all counties having a taxable valuation of ~~more than~~ \$10 million or more and less than \$15 million;
- (f) sixth class--all counties having a taxable valuation of ~~more than~~ \$5 million or more and less than \$10 million;
- (g) seventh class--all counties having a taxable valuation of less than \$5 million.

(2) As used in this section, taxable valuation means the taxable value of taxable property in the county as of the time of determination plus:

(a) that portion of the taxable value of the county on December 31, 1981, attributable to automobiles and trucks having a rated capacity of three-quarters of a ton or less;

(b) that portion of the taxable value of the county on December 31, 1989, attributable to automobiles and trucks having a manufacturer's rated capacity of more than three-quarters of a ton but less than or equal to 1 ton;

(c) that portion of the taxable value of the county on December 31, 1997, attributable to buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors;

(d) the value provided by the department of revenue under 15-36-324(10); and

~~(d)~~(e) 6% of the taxable value of the county on January 1 of each tax year."

Section 2. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) all agricultural implements and equipment;

(b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(c) all manufacturing machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(d) all trailers and semitrailers, ~~including those prorated under 15-24-102,~~ except those subject to ~~taxation under 61-3-504(2) or exempt under 15-6-201(1)(v);~~

(e) all goods and equipment intended for rent or lease, except goods and equipment specifically included and taxed in another class;

(f) ~~buses and trucks having a rated capacity of more than 1 ton, including those prorated under 15-24-102;~~

~~(g)~~ truck toppers weighing more than 300 pounds;

(g) special mobile equipment as defined in 61-1-104;

(h) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(i) x-ray and medical and dental equipment;

(j) citizens' band radios and mobile telephones;

(k) radio and television broadcasting and transmitting equipment;

(l) cable television systems;

(m) coal and ore haulers;

(n) theater projectors and sound equipment; and

(o) all other property not included in any other class in this part, except that property subject to a fee in lieu of a property tax.

(2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

(3) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or service, wholesale, retail, or food-handling business.

(4) Class eight property is taxed at:

(a) 9% of its market value for tax years ending on or before December 31, 1995;

(b) 8% of its market value for tax year 1996;

(c) 7% of its market value for tax year 1997; and

(d) 6% of its market value for tax years beginning after December 31, 1997."

Section 3. Section 15-6-201, MCA, is amended to read:

"15-6-201. Exempt categories. (1) The following categories of property are exempt from taxation:

(a) except as provided in 15-24-1203, the property of:

(i) the United States, except:

(A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or

(B) as provided in 15-24-1103;

(ii) the state, counties, cities, towns, and school districts;

(iii) irrigation districts organized under the laws of Montana and not operating for profit;

(iv) municipal corporations;

(v) public libraries; and

(vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

(b) buildings, with land they occupy and furnishings in the buildings, owned by a church and used

1 for actual religious worship or for residences of the clergy, together with adjacent land reasonably
2 necessary for convenient use of the buildings;

3 (c) property used exclusively for agricultural and horticultural societies, for educational purposes,
4 and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health
5 and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed
6 by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not
7 exempt.

8 (d) property that is:

9 (i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or
10 21;

11 (ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent
12 care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

13 (iii) not maintained and operated for private or corporate profit;

14 (e) property owned or property that is leased from a federal, state, or local governmental entity by
15 institutions of purely public charity if the property is directly used for purely public charitable purposes;

16 (f) evidence of debt secured by mortgages of record upon real or personal property in the state of
17 Montana;

18 (g) public museums, art galleries, zoos, and observatories not used or held for private or corporate
19 profit;

20 (h) all household goods and furniture, including but not limited to clocks, musical instruments,
21 sewing machines, and wearing apparel of members of the family, used by the owner for personal and
22 domestic purposes or for furnishing or equipping the family residence;

23 (i) a truck canopy cover or topper weighing less than 300 pounds and having no accommodations
24 attached. This property is also exempt from taxation under 61-3-504(2) and 61-3-537.

25 (j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

26 (k) motor homes, travel trailers, and campers;

27 (l) all watercraft;

28 (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association
29 or nonprofit corporation organized to furnish potable water to its members or customers for uses other than
30 the irrigation of agricultural land;

(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(o) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, the mentally ill, or the vocationally handicapped as defined in 18-5-101 and that is not operated for gain or profit and property owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

(p) all farm buildings with a market value of less than \$500 and all agricultural implements and machinery with a market value of less than \$100;

(q) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and not held or used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means an organization exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act;

(r) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:

(i) construct, repair, and maintain improvements to real property; or

(ii) repair and maintain machinery, equipment, appliances, or other personal property;

(s) harness, saddlery, and other tack equipment;

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105;

(u) timber as defined in 15-44-102;

(v) all trailers and semitrailers that have a licensed gross weight of 26,000 pounds or more or that are registered through a proportional registration agreement under 61-3-721. For purposes of this subsection (1)(v), the terms "trailer" and "semitrailer" mean a vehicle with or without motive power that is:

(i) designed and used only for carrying property;

(ii) designed and used to be drawn by a motor vehicle; and

(iii) either constructed so that no part of its weight rests upon the towing vehicle or constructed

so that some part of its weight and the weight of its load rests upon or is carried by another vehicle.

(w) all vehicles registered under 61-3-456;

(x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

(ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i); and

(y) motorcycles and quadricycles.

(2) (a) For the purposes of subsection (1)(e), the term "institutions of purely public charity" includes any organization that meets the following requirements:

(i) The organization qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(ii) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

(b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as a part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) \$20,000 in the case of a single-family residential dwelling;

(b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

1 **Section 4.** Section 15-8-111, MCA, is amended to read:

2 **"15-8-111. Assessment -- market value standard -- exceptions.** (1) All taxable property must be
3 assessed at 100% of its market value except as otherwise provided.

4 (2) (a) Market value is the value at which property would change hands between a willing buyer
5 and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable
6 knowledge of relevant facts.

7 (b) If the department uses construction cost as one approximation of market value, the department
8 shall fully consider reduction in value caused by depreciation, whether through physical depreciation,
9 functional obsolescence, or economic obsolescence.

10 (c) Except as provided in subsection (3), the market value of ~~all motor trucks; special mobile~~
11 equipment and agricultural tools, implements, and machinery; ~~and vehicles of all kinds~~ is the average
12 wholesale value shown in national appraisal guides and manuals or the value ~~of the vehicle~~ before
13 reconditioning and profit margin. The department shall prepare valuation schedules showing the average
14 wholesale value when a national appraisal guide does not exist.

15 (3) The department may not adopt a lower or different standard of value from market value in
16 making the official assessment and appraisal of the value of property, except:

17 (a) the wholesale value for agricultural implements and machinery is the loan value as shown in
18 the Official Guide, Tractor and Farm Equipment, published by the national farm and power equipment
19 dealers association, St. Louis, Missouri;

20 (b) for agricultural implements and machinery not listed in the official guide, the department shall
21 prepare a supplemental manual in which the values reflect the same depreciation as those found in the
22 official guide; and

23 (c) as otherwise authorized in Title 15 and Title 61.

24 (4) For purposes of taxation, assessed value is the same as appraised value.

25 (5) The taxable value for all property is the percentage of market or assessed value established for
26 each class of property.

27 (6) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:

28 (a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after
29 deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515,
30 15-23-516, 15-23-517, or 15-23-518.

(b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(d) Properties in 15-6-143, under class ten, are assessed at 100% of the forest productivity value of the land when valued as forest land.

(7) Land and the improvements on the land are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town."

Section 5. Section 15-8-201, MCA, is amended to read:

"15-8-201. General assessment day. (1) The department shall, between January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject to taxation in each county. The department shall assess property to the person by whom it was owned or claimed or in whose possession or control it was at midnight of the preceding January 1. The department shall also ascertain and assess all mobile homes arriving in the county after midnight of the preceding January 1. A mistake in the name of the owner or supposed owner of real property does not invalidate the assessment.

(2) The procedure provided by this section does not apply to:

(a) motor vehicles ~~that are required by 15-8-202 to be assessed on January 1 or upon their anniversary registration date;~~

(b) motor homes, travel trailers, and campers;

(c) watercraft;

(d) livestock;

(e) property defined in 61-1-104 as special mobile equipment that is subject to assessment for personal property taxes on the date that application is made for a special mobile equipment plate;

(f) mobile homes held by a distributor or dealer of mobile homes as stock in trade; and

(g) property subject to the provisions of 15-16-203.

(3) Credits must be assessed as provided in 15-1-101(1)(f)."

Section 6. Section 15-8-202, MCA, is amended to read:

"15-8-202. Motor vehicle assessment by department of justice. (1) ~~(a) The department shall, in each year, ascertain and assess all motor vehicles, other than motor homes, travel trailers, and campers or mobile homes, in each county subject to taxation as of January 1 or as of the anniversary registration date of those vehicles as provided by law, subject to 61-3-313 through 61-3-316 and 61-3-501. The assessment for department of justice shall assess all motor light vehicles, must be made subject to 61-3-313 through 61-3-316 and 61-3-501, for taxation in accordance with 61-3-503.~~

~~(b) The department of justice shall determine the fee in lieu of tax for all buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors in accordance with [sections 31 and 32].~~

~~(c) The motor vehicles Taxes or fees in lieu of tax on motor vehicles under this subsection (1) must be assessed or imposed in each year to on the persons by whom who owned or claimed the motor vehicles or in whose possession or control they were at midnight of January 1 or the motor vehicle was on the anniversary registration date, whichever is applicable.~~

(2) A tax or fee in lieu of tax may not be assessed or imposed against motor vehicles subject to taxation or to a fee in lieu of tax that constitute inventory of motor vehicle dealers as of January 1. These vehicles and all other motor vehicles subject to taxation or a fee in lieu of tax that are brought into the state ~~subsequent to~~ after January 1 as motor vehicle dealers' inventories must be assessed to their respective purchasers as of the dates the vehicles are registered by the purchasers.

(3) "Purchasers" includes dealers who apply for registration or reregistration of motor vehicles except as otherwise provided by 61-3-502.

(4) Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes, must be assessed at market value as of January 1."

Section 7. Section 15-16-202, MCA, is amended to read:

"15-16-202. Boats, snowmobiles, and motor vehicles -- payment of current and back taxes and fees. (1) The fee in lieu of personal property taxes assessed against a boat for the year in which application for decals is made and the immediately previous year must be paid before license decals may be issued

pursuant to 23-2-515.

(2) The fee in lieu of tax imposed on a snowmobile for the year in which application for registration is made and the immediately previous year must be paid before a snowmobile may be registered pursuant to 23-2-616.

(3) Except for mobile homes as defined in 15-1-101, the new motor vehicle sales tax and the ~~personal property~~ motor vehicle tax or fee in lieu of tax imposed or assessed against a motor vehicle for the current year and the immediately previous year must be paid before a motor vehicle may be registered or reregistered pursuant to 61-3-303.

(4) The provisions of subsections (1) through (3) do not require payment of the immediately previous year's taxes or fees if ~~such~~ the taxes or fees have already been paid."

Section 8. Section 15-50-207, MCA, is amended to read:

"15-50-207. Credit against other taxes -- credit for personal property taxes and certain fees. (1)

The additional license fees withheld or otherwise paid as provided ~~herein~~ in this chapter may be used as a credit on the contractor's corporation license tax provided for in chapter 31 of this title or on the contractor's income tax provided for in chapter 30, depending upon the type of tax the contractor is required to pay under the laws of the state.

(2) Personal property taxes and the fee in lieu of tax on buses, trucks having a manufacturer's rated capacity of more than 1 ton, or truck tractors as provided in [section 32] paid in Montana on any personal property or vehicle of the contractor ~~which~~ that is used in the business of the contractor and is located within this state may be credited against the license fees required under this chapter. However, in computing the tax credit allowed by this section against the contractor's corporation license tax or income tax, the ~~personal property~~ tax credit against the license fees ~~herein~~ required ~~shall~~ under this chapter may not be considered as license fees paid for the purpose of ~~such~~ the income tax or corporation license tax credit."

Section 9. Section 20-9-141, MCA, is amended to read:

"20-9-141. Computation of general fund net levy requirement by county superintendent. (1) The county superintendent shall compute the levy requirement for each district's general fund on the basis of the following procedure:

(a) Determine the funding required for the district's final general fund budget less the sum of direct state aid and the special education allowable cost payment for the district by totaling:

(i) the district's nonisolated school BASE budget requirement to be met by a district levy as provided in 20-9-303; and

(ii) any general fund budget amount adopted by the trustees of the district under the provisions of 20-9-308 and 20-9-353, including any additional funding for a general fund budget that exceeds the maximum general fund budget.

(b) Determine the money available for the reduction of the property tax on the district for the general fund by totaling:

(i) the general fund balance reappropriated, as established under the provisions of 20-9-104;

(ii) amounts received in the last fiscal year for which revenue reporting was required for each of the following:

(A) tuition payments for out-of-district pupils under the provisions of 20-5-321 through 20-5-323;

(B) revenue from ~~property~~ taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32, and 67-3-204;

(C) oil and natural gas production taxes;

(D) interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4);

(E) revenue from corporation license taxes collected from financial institutions under the provisions of 15-31-702; and

(F) any other revenue received during the school fiscal year that may be used to finance the general fund, excluding any guaranteed tax base aid; and

(iii) pursuant to subsection (4), anticipated revenue from coal gross proceeds under 15-23-703.

(c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from any general fund budget amount adopted by the trustees of the district, up to the BASE budget amount, to determine the general fund BASE budget levy requirement.

(d) Subtract any amount remaining after the determination in subsection (1)(c) from any additional funding requirement to be met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as provided in 20-9-353 to determine any additional general fund levy

requirements.

(2) The county superintendent shall calculate the number of mills to be levied on the taxable property in the district to finance the general fund levy requirement for any amount that does not exceed the BASE budget amount for the district by dividing the amount determined in subsection (1)(c) by the sum of:

(a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000.

(3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the general fund net levy requirement for the district, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) For each school district, the department of revenue shall calculate and report to the county superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross proceeds under 15-23-703."

Section 10. Section 20-9-331, MCA, is amended to read:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district BASE funding program. (1) The county commissioners of each county shall levy an annual basic tax of 33 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 32], and 67-3-204, for the purposes of local and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the elementary BASE funding programs of the school districts in the county and to the state general fund in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE funding programs of all elementary districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus

1 balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the
2 fiscal year for which the levy has been set.

3 (2) The revenue realized from the county's portion of the levy prescribed by this section and the
4 revenue from the following sources must be used for the equalization of the elementary BASE funding
5 program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue
6 by the county treasurer in accordance with 20-9-212(1):

7 (a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for
8 the common school fund under the provisions of 17-3-222;

9 (b) the portion of the federal flood control act funds distributed to a county and designated for
10 expenditure for the benefit of the county common schools under the provisions of 17-3-232;

11 (c) all money paid into the county treasury as a result of fines for violations of law, except money
12 paid to a justice's court, and the use of which is not otherwise specified by law;

13 (d) any money remaining at the end of the immediately preceding school fiscal year in the county
14 treasurer's accounts for the various sources of revenue established or referred to in this section;

15 (e) any federal or state money distributed to the county as payment in lieu of property taxation,
16 including federal forest reserve funds allocated under the provisions of 17-3-213;

17 (f) gross proceeds taxes from coal under 15-23-703;

18 (g) oil and natural gas production taxes;

19 (h) anticipated local government severance tax payments for calendar year 1995 production as
20 provided in 15-36-325; and

21 (i) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
22 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32, and 67-3-204."

23
24 **Section 11.** Section 20-9-333, MCA, is amended to read:

25 **"20-9-333. Basic special levy and other revenue for county equalization of high school district**
26 **BASE funding program.** (1) The county commissioners of each county shall levy an annual basic special tax
27 for high schools of 22 mills on the dollar of the taxable value of all taxable property within the county,
28 except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527,
29 61-3-537, section 32, and 67-3-204, for the purposes of local and state BASE funding program support.
30 The revenue collected from this levy must be apportioned to the support of the BASE funding programs of

high school districts in the county and to the state general fund in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the county's high school tuition obligation and the total of the BASE funding programs of all high school districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The revenue realized from the county's portion of the levy prescribed in this section and the revenue from the following sources must be used for the equalization of the high school BASE funding program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):

(a) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established in this section;

(b) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213;

(c) gross proceeds taxes from coal under 15-23-703;

(d) oil and natural gas production taxes;

(e) anticipated local government severance tax payments for calendar year 1995 production as provided in 15-36-325; and

(f) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32, and 67-3-204."

Section 12. Section 20-9-360, MCA, is amended to read:

"20-9-360. State equalization aid levy. (1) There is a levy of 40 mills imposed by the county commissioners of each county on all taxable property within the state, except property for which a tax or fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32, and 67-3-204. Except as provided in subsection (2), proceeds of the levy must be remitted to the state treasurer

1 and must be deposited to the credit of the state general fund for state equalization aid to the public schools
2 of Montana.

3 (2) For the benefit of each municipality that created an urban renewal area and adopted a tax
4 increment financing provision for the urban renewal area prior to July 1, 1990, the state treasurer shall
5 distribute each fiscal year from the state equalization aid levy to the municipality the amount, if any, equal
6 to the product of the incremental taxable value of the urban renewal area times the reduced school levy
7 for the area, each calculated for the fiscal year. The reduced school levy for a fiscal year is the difference
8 between the aggregate amount of all property tax levies for school purposes in the urban renewal area,
9 expressed in mills, in the fiscal year ended June 30, 1989, and the aggregate amount of all property tax
10 levies for school purposes in the area or the district, expressed in mills, in the fiscal year, including the state
11 equalization aid levy. The state treasurer shall distribute the amounts to municipalities in two equal
12 installments on December 31 and June 30 of the fiscal year."

13
14 **Section 13.** Section 20-9-501, MCA, is amended to read:

15 **"20-9-501. Retirement fund.** (1) The trustees of a district employing personnel who are members
16 of the teachers' retirement system or the public employees' retirement system or who are covered by
17 unemployment insurance or who are covered by any federal social security system requiring employer
18 contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's
19 contributions to the systems. The district's contribution for each employee who is a member of the
20 teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The
21 district's contribution for each employee who is a member of the public employees' retirement system must
22 be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any
23 federal social security system must be paid in accordance with federal law and regulation. The district's
24 contribution for each employee who is covered by unemployment insurance must be paid in accordance
25 with Title 39, chapter 51, part 11.

26 (2) The trustees of a district required to make a contribution to a system referred to in subsection
27 (1) shall include in the retirement fund of the preliminary budget the estimated amount of the employer's
28 contribution. After the final retirement fund budget has been adopted, the trustees shall pay the employer's
29 contributions to the systems in accordance with the financial administration provisions of this title.

30 (3) When the final retirement fund budget has been adopted, the county superintendent shall

1 establish the levy requirement by:

2 (a) determining the sum of the money available to reduce the retirement fund levy requirement by
3 adding:

4 (i) any anticipated money that may be realized in the retirement fund during the ensuing school
5 fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
6 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32, and 67-3-204;

7 (ii) oil and natural gas production taxes;

8 (iii) anticipated local government severance tax payments for calendar year 1995 production as
9 provided in 15-36-325;

10 (iv) coal gross proceeds taxes under 15-23-703;

11 (v) any fund balance available for reappropriation as determined by subtracting the amount of the
12 end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school
13 fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund
14 operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school
15 fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under
16 the final retirement fund budget.

17 (vi) any other revenue anticipated that may be realized in the retirement fund during the ensuing
18 school fiscal year, excluding any guaranteed tax base aid.

19 (b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction
20 of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in
21 the final retirement fund budget.

22 (4) The county superintendent shall:

23 (a) total the net retirement fund levy requirements separately for all elementary school districts,
24 all high school districts, and all community college districts of the county, including any prorated joint
25 district or special education cooperative agreement levy requirements; and

26 (b) report each levy requirement to the county commissioners on the fourth Monday of August as
27 the respective county levy requirements for elementary district, high school district, and community college
28 district retirement funds.

29 (5) The county commissioners shall fix and set the county levy in accordance with 20-9-142.

30 (6) The net retirement fund levy requirement for a joint elementary district or a joint high school

1 district must be prorated to each county in which a part of the district is located in the same proportion as
2 the district ANB of the joint district is distributed by pupil residence in each county. The county
3 superintendents of the counties affected shall jointly determine the net retirement fund levy requirement
4 for each county as provided in 20-9-151.

5 (7) The net retirement fund levy requirement for districts that are members of special education
6 cooperative agreements must be prorated to each county in which the district is located in the same
7 proportion as the special education cooperative budget is prorated to the member school districts. The
8 county superintendents of the counties affected shall jointly determine the net retirement fund levy
9 requirement for each county in the same manner as provided in 20-9-151, and the county commissioners
10 shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.

11 (8) The county superintendent shall calculate the number of mills to be levied on the taxable
12 property in the county to finance the retirement fund net levy requirement by dividing the amount
13 determined in subsection (4)(a) by the sum of:

14 (a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as
15 certified by the superintendent of public instruction; and

16 (b) the taxable valuation of the district divided by 1,000."

17
18 **Section 14.** Section 20-10-144, MCA, is amended to read:

19 **"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund**
20 **budget.** Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent
21 shall compute the revenue available to finance the transportation fund budget of each district. The county
22 superintendent shall compute the revenue for each district on the following basis:

23 (1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate
24 schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

25 (a) the sum of the maximum reimbursable expenditures for all approved school bus routes
26 maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate
27 per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus
28 route approved by the county transportation committee and maintained by the district); plus

29 (b) the total of all individual transportation per diem reimbursement rates for the district as
30 determined from the contracts submitted by the district multiplied by the number of pupil-instruction days

1 scheduled for the ensuing school attendance year; plus

2 (c) any estimated costs for supervised home study or supervised correspondence study for the
3 ensuing school fiscal year; plus

4 (d) the amount budgeted on the preliminary budget for the contingency amount permitted in
5 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100,
6 whichever is larger, the contingency amount on the preliminary budget must be reduced to the limitation
7 amount and used in this determination of the schedule amount; plus

8 (e) any estimated costs for transporting a child out of district when the child has mandatory
9 approval to attend school in a district outside the district of residence.

10 (2) (a) The schedule amount determined in subsection (1) or the total preliminary transportation
11 fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county
12 revenue to be budgeted on the following basis:

13 (i) one-half is the budgeted state transportation reimbursement, except that the state transportation
14 reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be
15 50% of the schedule amount attributed to the transportation of special education pupils; and

16 (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the
17 manner provided in 20-10-146.

18 (b) When the district has a sufficient amount of cash for reappropriation and other sources of
19 district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero,
20 any remaining amount of district revenue and cash reappropriated must be used to reduce the county
21 financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to
22 reduce the state financial obligation in subsection (2)(a)(i).

23 (c) The county revenue requirement for a joint district, after the application of any district money
24 under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same
25 proportion as the ANB of the joint district is distributed by pupil residence in each county.

26 (3) The total of the money available for the reduction of property tax on the district for the
27 transportation fund must be determined by totaling:

28 (a) anticipated federal money received under the provisions of Title I of Public Law 81-874 or other
29 anticipated federal money received in lieu of that federal act;

30 (b) anticipated payments from other districts for providing school bus transportation services for

1 the district;

2 (c) anticipated payments from a parent or guardian for providing school bus transportation services
3 for a child;

4 (d) anticipated or reappropriated interest to be earned by the investment of transportation fund
5 cash in accordance with the provisions of 20-9-213(4);

6 (e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517,
7 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32, and 67-3-204;

8 (f) anticipated revenue from coal gross proceeds under 15-23-703;

9 (g) anticipated oil and natural gas production taxes;

10 (h) anticipated local government severance tax payments for calendar year 1995 production;

11 (i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320
12 through 20-5-324;

13 (j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year
14 that may be used to finance the transportation fund; and

15 (k) any fund balance available for reappropriation as determined by subtracting the amount of the
16 end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school
17 fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating
18 reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year
19 and is for the purpose of paying transportation fund warrants issued by the district under the final
20 transportation fund budget.

21 (4) The district levy requirement for each district's transportation fund must be computed by:

22 (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary
23 transportation budget amount; and

24 (b) subtracting the amount of money available to reduce the property tax on the district, as
25 determined in subsection (3), from the amount determined in subsection (4)(a).

26 (5) The transportation fund levy requirements determined in subsection (4) for each district must
27 be reported to the county commissioners on the fourth Monday of August by the county superintendent
28 as the transportation fund levy requirements for the district, and the levy must be made by the county
29 commissioners in accordance with 20-9-142.

1 **Section 15.** Section 20-10-146, MCA, is amended to read:

2 **"20-10-146. County transportation reimbursement.** (1) The apportionment of the county
3 transportation reimbursement by the county superintendent for school bus transportation or individual
4 transportation that is actually rendered by a district in accordance with this title, board of public education
5 transportation policy, and the transportation rules of the superintendent of public instruction must be the
6 same as the state transportation reimbursement payment, except that:

7 (a) if any cash was used to reduce the budgeted county transportation reimbursement under the
8 provisions of 20-10-144(2)(b), the annual apportionment is limited to the budget amount;

9 (b) when the county transportation reimbursement for a school bus has been prorated between two
10 or more counties because the school bus is conveying pupils of more than one district located in the
11 counties, the apportionment of the county transportation reimbursement must be adjusted to pay the
12 amount computed under the proration; and

13 (c) when county transportation reimbursement is required under the mandatory attendance
14 agreement provisions of 20-5-321.

15 (2) The county transportation net levy requirement for the financing of the county transportation
16 fund reimbursements to districts is computed by:

17 (a) totaling the net requirement for all districts of the county, including reimbursements to a special
18 education cooperative or prorated reimbursements to joint districts or reimbursements under the mandatory
19 attendance agreement provisions of 20-5-321;

20 (b) determining the sum of the money available to reduce the county transportation net levy
21 requirement by adding:

22 (i) anticipated money that may be realized in the county transportation fund during the ensuing
23 school fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517,
24 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32, and 67-3-204;

25 (ii) oil and natural gas production taxes;

26 (iii) anticipated local government severance tax payments for calendar year 1995 production;

27 (iv) coal gross proceeds taxes under 15-23-703;

28 (v) any fund balance available for reappropriation from the end-of-the-year fund balance in the
29 county transportation fund;

30 (vi) federal forest reserve funds allocated under the provisions of 17-3-213; and

(vii) other revenue anticipated that may be realized in the county transportation fund during the ensuing school fiscal year; and

(c) subtracting the money available, as determined in subsection (2)(b), to reduce the levy requirement from the county transportation net levy requirement.

(3) The net levy requirement determined in subsection (2)(c) must be reported to the county commissioners on the fourth Monday of August by the county superintendent, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) The county superintendent shall apportion the county transportation reimbursement from the proceeds of the county transportation fund. The county superintendent shall order the county treasurer to make the apportionments in accordance with 20-9-212(2) and after the receipt of the semiannual state transportation reimbursement payments."

NEW SECTION. **Section 16. Light vehicle.** "Light vehicle" means a motor vehicle commonly referred to as an automobile, van, sport utility vehicle, or truck having a manufacturer's rated capacity of 1 ton or less.

NEW SECTION. **Section 17. Sport utility vehicle.** "Sport utility vehicle" means a light vehicle designed to transport 10 or fewer persons that is constructed on a truck chassis or that has special features for occasional off-road use. The term does not include trucks having a manufacturer's rated capacity of 1 ton or less.

Section 18. Section 61-3-101, MCA, is amended to read:

"61-3-101. Duties of department -- records. (1) The department shall keep a record as specified in this section of all motor vehicles, trailers, and semitrailers of every kind, ~~and~~ of certificates of registration and ownership of those vehicles, and of all manufacturers and dealers in motor vehicles.

(2) The record must show the following:

(a) name of owner, residence address by street or rural route, town, and county, and mailing address if different than residence address;

(b) name and address of conditional sales vendor, mortgagee, or other lienholder and amount due under contract or lien;

- (c) manufacturer of vehicle;
- (d) manufacturer's designation of style of vehicle;
- (e) identifying number;
- (f) year of manufacture;
- (g) character of motive power and shipping weight of vehicle as shown by the manufacturer;
- (h) the distinctive license number assigned to the vehicle, if any;
- (i) if a truck or trailer, the number of tons' capacity or GVW if imprinted on manufacturer's identification plate;

(j) except as provided in 61-3-103, the name and complete address of any holder of a perfected security interest in the vehicle; and

(k) other information that may from time to time be found desirable.

(3) The department shall file applications for registration received by it from ~~the~~ county treasurers ~~of the state~~ and register the vehicles and the vehicle owners as follows:

- (a) under the distinctive license number assigned to the vehicle by the county treasurer;
- (b) alphabetically under the name of the owner;
- (c) numerically under make and identifying number of the vehicle; and
- (d) ~~other~~ another index of registration as the department considers expedient.

(4) The department shall determine the amount of motor vehicle taxes and fees to be collected at the time of registration for each light vehicle subject to tax under 61-3-503 and for each bus, truck having a manufacturer's rated capacity of more than 1 ton, and truck tractors subject to a fee in lieu of tax under [sections 31 and 32]. The county treasurer shall collect the taxes and fees on each motor vehicle at the time of its registration.

(5) Vehicle registration records and indexes and driver's license records and indexes may be maintained by electronic recording and storage media.

~~(5)~~(6) In the case of dealers, the records must show the information contained in the application for a dealer's license as required by 61-4-101 through 61-4-105, as well as the distinctive license number assigned to the dealer.

~~(6)~~(7) In order to prevent an accumulation of unneeded records and files, regardless of any other statutory requirements, the department may destroy all records and files that relate to vehicles that have not been registered within the preceding 4 years and that do not have an active lien.

1 ~~(7)~~(8) All records must be open to inspection during all reasonable business hours, and the
2 department shall furnish any information from the records upon payment by the applicant of the cost of the
3 information requested. Prior to providing the information, the department may require the applicant to
4 provide identification. However, the department may, by rule, reasonably restrict disclosure of information
5 on an owner or the owner's vehicle if the owner has requested in writing that the department not disclose
6 the information."

7
8 **Section 19.** Section 61-3-208, MCA, is amended to read:

9 **"61-3-208. Affidavit and bond for certificate.** (1) If an applicant for a ~~motor~~ vehicle certificate of
10 title cannot provide the department with a certificate of title transferred to the applicant, the department
11 may issue a certificate of title for the vehicle if the applicant furnishes an affidavit in a form prescribed by
12 the department.

13 (2) The affidavit must be signed and sworn to before an officer authorized to administer oaths and
14 affirmations. The affidavit must accompany the application for the certificate of title and include:

15 (a) the facts and circumstances through which the applicant acquired ownership and possession
16 of the ~~motor~~ vehicle;

17 (b) information as required by the department to enable it to determine what security interests,
18 liens, and encumbrances ~~against the motor vehicle~~, if any, are outstanding against the ~~motor~~ vehicle;

19 (c) the date and the amount secured by the security interests, liens, and encumbrances, if any; and

20 (d) a statement that the applicant has the right to have a certificate of title issued.

21 (3) If after examination of the application, affidavit, and any other evidence the department
22 determines that a certificate of title for the ~~motor~~ vehicle should be issued to the applicant, the department
23 shall require the applicant to file with the department a good and sufficient bond before issuing the
24 certificate of title. The bond must be:

25 (a) in an amount equal to the average trade-in or wholesale value of the ~~motor~~ vehicle as
26 determined ~~under the provisions of 61-3-503(1)(e)~~ by the applicable national appraisal guide for the vehicle
27 as of January 1 for the year in which the application for certificate of title is made. When a national
28 appraisal guide is not available for a vehicle, the department shall determine an alternative value for the
29 vehicle.

30 (b) conditioned to indemnify a prior owner, lienholder, subsequent purchaser, secured creditor, or

1 encumbrancer of the motor vehicle, and any respective successors in interest, against expenses, losses,
2 or damages caused by the issuance of the certificate or by a defect in or undisclosed security interest upon
3 the right, title, and interest of the applicant in the ~~motor~~ vehicle; and

4 (c) issued by a surety company authorized to do business in the state.

5 (4) Any interested person has a right of action to recover on the bond for a breach of its
6 conditions, but the aggregate liability of the surety to all persons may not exceed the amount of the bond.

7 (5) Unless the department has been notified of a pending action to recover the bond, the
8 department shall return the bond at the earlier of:

9 (a) 3 years from the date of issuance of the certificate of title; or

10 (b) the date of surrender of the valid certificate of title to the department if the vehicle is no longer
11 registered in this state."

12
13 **Section 20.** Section 61-3-303, MCA, is amended to read:

14 **"61-3-303. Application for registration.** (1) Each owner of a motor vehicle operated or driven upon
15 the public highways of this state shall for each motor vehicle owned, except as otherwise provided in this
16 section, file or cause to be filed in the office of the county treasurer where the owner permanently resides
17 at the time of making the application or, if the vehicle is owned by a corporation or used primarily for
18 commercial purposes, in the taxing jurisdiction of the county where the vehicle is permanently assigned,
19 an application for registration or reregistration ~~upon a blank~~ on a form ~~to be prepared and furnished~~
20 prescribed by the department. The application must contain:

21 (a) the name and address of the owner, giving the county, school district, and town or city within
22 whose corporate limits the motor vehicle is taxable, if taxable, or within whose corporate limits the owner's
23 residence is located if the motor vehicle is not taxable;

24 (b) the name and address of the holder of any security interest in the motor vehicle;

25 (c) a description of the motor vehicle, including make, year model, engine or serial number,
26 manufacturer's model or letter, gross weight, declared weight on all trucks for which the manufacturer's
27 rated capacity is 1 ton or less, and type of body and, if a truck, the manufacturer's rated capacity;

28 (d) the declared weight on all trailers operating intrastate, except travel trailers or trailers and
29 semitrailers registered as provided in 61-3-711 through 61-3-733; and

30 (e) other information that the department may require.

(2) A person who files an application for registration or reregistration of a motor vehicle, except of a mobile home as defined in 15-1-101(1), shall upon the filing of the application pay to the county treasurer:

(a) the registration fee, as provided in 61-3-311 and 61-3-321 or 61-3-456; and

(b) except as provided in 61-3-456 or unless it has been previously paid:

(i) the ~~personal property~~ motor vehicle taxes or fees in lieu of tax assessed or imposed against the vehicle for the current year of registration and the immediately previous year; or

(ii) the new motor vehicle sales tax against the vehicle for the current year of registration.

(3) The application may not be accepted by the county treasurer unless the payments required by subsection (2) accompany the application. The department ~~of revenue~~ may not assess or impose and the county treasurer may not collect taxes or fees for a period other than:

(a) the current year; and

(b) the immediately previous year if the vehicle was not registered or operated on the highways of the state, regardless of the period of time since the vehicle was previously registered or operated.

(4) The department ~~of revenue~~ may make full and complete investigation of the tax status of the vehicle. An applicant for registration or reregistration shall submit proof from the tax or other appropriate records of the proper county at the request of the department ~~of revenue~~."

Section 21. Section 61-3-456, MCA, is amended to read:

"61-3-456. Registration of motor vehicle owned and operated by Montana resident on active military duty stationed outside Montana. (1) An owner of a motor vehicle who is a Montana resident on active military duty and stationed outside Montana may file with the department an application for the registration of the motor vehicle. The application must be sworn to before an officer authorized to administer oaths. The application must state:

(a) the name and address of the owner;

(b) the make, the gross weight, the year and number of the model, and the manufacturer's identification number and serial number of the motor vehicle; and

(c) that the vehicle is owned and operated by a Montana resident who is on active military duty and stationed outside Montana.

(2) The registration fee for a motor vehicle registered under subsection (1) is as provided in

61-3-311 and 61-3-321.

(3) A vehicle registered under this section is not subject to:

(a) the taxes described in 61-3-303(2)(b);

(b) assessment under 15-8-202 or 61-3-503 or the fee in lieu of tax under [section 32]; or

(c) any of the fees provided in part 5 of this chapter."

Section 22. Section 61-3-501, MCA, is amended to read:

"61-3-501. When vehicle taxes and fees are due. (1) ~~Property~~ Motor vehicle taxes, fees in lieu of tax, new car taxes, and fees must be paid on the date of registration or reregistration of the vehicle.

(2) If the anniversary date for reregistration of a vehicle passes while the vehicle is owned and held for sale by a licensed new or used car dealer, ~~property motor vehicle~~ motor vehicle taxes or fees in lieu of tax abate on ~~such the~~ vehicle properly reported with the ~~department of revenue~~ county treasurer until the vehicle is sold ~~and thereafter. After the sale,~~ the purchaser shall pay the pro rata balance of the taxes or fees in lieu of tax due and owing on the vehicle.

(3) In the event that a vehicle's registration period is changed under 61-3-315, all taxes or fees in lieu of tax and other fees due ~~thereon shall~~ must be prorated and paid from the last day of the old period until the first day of the new period in which the vehicle ~~shall be~~ is registered. ~~Thereafter~~ The taxes or fees in lieu of tax and other fees must be paid from the first day of the new period for a minimum period of 1 year. When the change is to a later registration period, taxes and fees ~~shall~~ must be prorated and paid based on the same tax year as the original registration period. Thereafter, during the appropriate anniversary registration period, each vehicle ~~shall~~ must again ~~register or reregister~~ be registered or reregistered and ~~shall pay all taxes and fees due thereon~~ must be paid for a 12-month period."

Section 23. Section 61-3-503, MCA, is amended to read:

"61-3-503. Assessment. (1) Except as provided in 61-3-520 and subsection ~~(2)~~ (4) of this section, the following apply to the taxation of motor vehicles:

~~(a) Except as provided in subsections (1)(c) through (1)(e), a person who files an application for registration or reregistration of a motor vehicle shall before filing the application with the county treasurer submit the application to the department of revenue. The department of revenue shall enter on the application in a space to be provided for that purpose the market value and taxable value of the vehicle as~~

1 of January 1 of the year for which the application for registration is made.

2 ~~(b) Except as provided in subsection (1)(c), motor vehicles are assessed for taxes on January 1 in~~
3 ~~each year irrespective of the time fixed by law for the assessment of other classes of personal property and~~
4 ~~irrespective of whether the levy and tax may be a lien upon real property within the state. A motor vehicle~~
5 ~~is not subject to assessment, levy, and taxation more than once in each year.~~

6 ~~(c)(a) Vehicles subject to the provisions of 61-3-313 through 61-3-316 must be assessed as of the~~
7 ~~first day of the registration period, using the average trade-in or wholesale value as of January 1 of the year~~
8 ~~of assessment of the vehicle as contained in the most recent volume of the Mountain States Edition of the~~
9 ~~National Automobile Dealers Association (N.A.D.A.) Official Used Car Guide, the National Edition of~~
10 ~~N.A.D.A. Appraisal Guides Official Older Used Car Guide, or another nationally published used vehicle or~~
11 ~~appraisal guide approved by the department of revenue or, for a vehicle that was never listed in any edition~~
12 ~~of the preceding guides, the retail value of the vehicle as determined by the department of revenue, and~~
13 ~~depreciated 10% a year until a value of \$500 is reached, not including additions or deductions for options~~
14 ~~and mileage but including additions or deductions, whether or not one of the preceding guides is used, for~~
15 ~~diesel engines; and a depreciated value of the manufacturer's suggested retail price as determined in~~
16 ~~subsection (2).~~

17 ~~(b) A lien for taxes and fees due on the vehicle occurs on the anniversary date of the registration~~
18 ~~and continues until the fees and taxes have been paid. If the depreciated value shown in any of the~~
19 ~~appraisal guides listed in this section is less than \$500, the department shall value the vehicle at \$500.~~

20 ~~(d) Quadricycles must be assessed, using the greater of the following:~~

21 ~~(i) \$250; or~~

22 ~~(iii) the average trade-in or wholesale value as of January 1 of the year of assessment of the vehicle~~
23 ~~as contained in the most recent volume of the applicable National Edition of the N.A.D.A.~~
24 ~~Motorcycle/Moped/ATV Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal Guide or another~~
25 ~~nationally published used vehicle or appraisal guide approved by the department of revenue, not including~~
26 ~~additions or deductions for options and mileage.~~

27 ~~(e) If a vehicle assessed under subsection (1)(c) or (1)(d) is not originally listed in the applicable~~
28 ~~N.A.D.A. guide or other approved guide, the department of revenue shall depreciate the original f.o.b.~~
29 ~~factory list price, f.o.b. port of entry list price, or the manufacturer's suggested list price, using the~~
30 ~~following methods:~~

1 ~~(i) if the new car sales tax has been previously paid and the vehicle is less than 1 year in age, the~~
2 ~~depreciation percentage is 20%; or~~

3 ~~(ii) if the vehicle is 1 year or older in age and it is not listed in any of the appraisal guides listed in~~
4 ~~this section, the department of revenue shall determine the depreciation percentage to approximate the~~
5 ~~average wholesale or trade-in values in the current N.A.D.A. guides or other approved guides referred to~~
6 ~~in this subsection (1). For purposes of this subsection (1), the age of the vehicle is determined by~~
7 ~~subtracting the manufacturer's model year of the vehicle from the calendar year of assessment.~~

8 ~~(f) When a minimum value of \$500 is reached, the value must remain at that minimum as long as~~
9 ~~the vehicle is registered.~~

10 ~~(g) If a previously registered vehicle is no longer listed in the applicable N.A.D.A. guide or other~~
11 ~~approved guide, the department of revenue shall depreciate the value of the vehicle at the rate of 10% a~~
12 ~~year until a minimum amount of \$500 is attained, and the value must remain at that amount as long as the~~
13 ~~vehicle is registered.~~

14 (2) (a) Except as provided in subsections (2)(c) and (2)(d), the depreciated value for the taxation
15 of light vehicles is computed by multiplying the manufacturer's suggested retail price by a percentage
16 multiplier based on the type and age of the vehicle determined from the following table:

<u>Age of Vehicle</u>		<u>Type of Vehicle</u>			
<u>(in years)</u>	<u>Automobile</u>	<u>Truck</u>	<u>Van</u>	<u>Sport Utility</u>	
19 -1	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	
20 0	<u>90</u>	<u>96</u>	<u>93</u>	<u>98</u>	
21 1	<u>80</u>	<u>91</u>	<u>86</u>	<u>94</u>	
22 2	<u>69</u>	<u>86</u>	<u>78</u>	<u>90</u>	
23 3	<u>58</u>	<u>80</u>	<u>69</u>	<u>84</u>	
24 4	<u>49</u>	<u>73</u>	<u>60</u>	<u>76</u>	
25 5	<u>41</u>	<u>66</u>	<u>52</u>	<u>67</u>	
26 6	<u>33</u>	<u>57</u>	<u>45</u>	<u>57</u>	
27 7	<u>26</u>	<u>49</u>	<u>38</u>	<u>48</u>	
28 8	<u>21</u>	<u>43</u>	<u>32</u>	<u>39</u>	
29 9	<u>17</u>	<u>37</u>	<u>27</u>	<u>33</u>	
30 10	<u>14</u>	<u>31</u>	<u>22</u>	<u>29</u>	

1	<u>11</u>	<u>12</u>	<u>26</u>	<u>18</u>	<u>25</u>
2	<u>12</u>	<u>10</u>	<u>22</u>	<u>15</u>	<u>22</u>
3	<u>13</u>	<u>09</u>	<u>18</u>	<u>13</u>	<u>21</u>
4	<u>14</u>	<u>09</u>	<u>15</u>	<u>11</u>	<u>19</u>
5	<u>15</u>	<u>09</u>	<u>13</u>	<u>09</u>	<u>17</u>
6	<u>16</u>	<u>09</u>	<u>12</u>	<u>09</u>	<u>15</u>

(b) The age for the light vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year for which the tax is due.

(c) If the value of the vehicle determined under subsection (2)(a) is \$500 or less, the value of the vehicle is \$500 and the value must remain at that amount as long as the vehicle is registered.

(d) The depreciated value of a light vehicle that is 17 years old or older is computed by depreciating the value obtained for the vehicle at 16 years old as determined under subsection (2)(a) by 10% a year until a minimum value of \$500 is attained. The value must remain at that amount as long as the vehicle is registered.

(3) (a) For the purposes of this section, "manufacturer's suggested retail price" means the price suggested by the manufacturer for each given type, style, or model of light vehicle produced and first made available for retail sale by the manufacturer.

(b) The manufacturer's suggested retail price is based on standard equipment of a vehicle and does not contain price additions or deductions for optional accessories.

(c) When a manufacturer's suggested retail price is unavailable for a motor vehicle, the department shall determine an alternative valuation for the vehicle.

~~(2)(4)~~ The provisions of subsections ~~(1)(a)~~ (1) through ~~(1)(g)~~ (3) do not apply to buses, trucks having a manufacturer's rated capacity of more than 1 ton, truck tractors, motorcycles, motor homes, quadricycles, travel trailers, campers, or mobile homes as defined in 15-1-101(1)."

Section 24. Section 61-3-504, MCA, is amended to read:

"61-3-504. Computation of tax. (1) ~~The amount of taxes on a motor light vehicle, other than an automobile, truck having a rated capacity of 1 ton or less, motorcycle, quadricycle, motor home, travel trailer, camper, or mobile home, is computed and determined by the county treasurer on the basis of the levy of the year preceding the current year of application for registration or reregistration.~~

~~(2) The amount of tax on an automobile or truck having a rated capacity of 1 ton or less, except for vehicles registered under 61-3-456 or owned by disabled veterans qualifying for special license plates under 61-3-332(10)(c)(i)(A) or 61-3-426(2), and on a quadricycle is 2% of the value determined under 61-3-503.~~

~~(3)(2) The amount of tax on fleet vehicles subject to the provisions of 61-3-318 is 1% of the value determined under 61-3-503.~~

~~(4) For all taxable motor vehicles, the amount of tax is entered on the application form in a space provided for that purpose."~~

Section 25. Section 61-3-506, MCA, is amended to read:

"61-3-506. Rules. ~~(1) The department of revenue shall adopt rules for the payment of property taxes and the department of transportation shall adopt rules for the payment of new car taxes under the provisions of 61-3-313 through 61-3-316, 61-3-501, and 61-3-520. The department of revenue may adopt rules for the proration of taxes for the implementation and administration of 61-3-313 through 61-3-316, 61-3-501, and 61-3-520, but shall specifically provide that new car taxes shall be for a 12-month period~~

(2) The department of justice may adopt rules:

(a) for the assessment and collection of taxes and fees on light vehicles; and

(b) for the imposition and collection of fees in lieu of tax on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including criteria for determining the vehicle's age and manufacturer's rated capacity."

Section 26. Section 61-3-507, MCA, is amended to read:

"61-3-507. Exemption. ~~(1) A motor vehicle subject to anniversary date registration as provided in 61-3-313 through 61-3-316 is exempt from the provisions of 61-3-503(1)(b).~~

~~(2) A vehicle that is exempt from taxation under 15-6-215 or subject to the provisions of 61-3-520 is exempt from all other taxes and fees generally imposed on a vehicle by this part."~~

Section 27. Section 61-3-509, MCA, is amended to read:

"61-3-509. Disposition of taxes. (1) Except as provided in subsection (2), the county treasurer shall, after deducting the district court fee, credit all taxes on motor vehicles and fees in lieu of tax on

1 motorcycles, quadricycles, motor homes, travel trailers, and campers, buses, trucks having a
2 manufacturer's rated capacity of more than 1 ton, and truck tractors collected under 61-3-504, 61-3-521,
3 61-3-527, and 61-3-537, and [section 32] to a motor vehicle suspense fund, ~~and at~~. At some time between
4 March 1 and March 10 of each year and every 60 days after that date, the county treasurer shall distribute
5 the money in the motor vehicle suspense fund in the relative proportions required by the levies for state,
6 county, school district, and municipal purposes in the same manner as personal property taxes are
7 distributed.

8 (2) The county treasurer shall deduct as a district court fee 7% of the amount of the 2% tax
9 collected on ~~an automobile or truck having a rated capacity of 1 ton or less~~ light vehicles. The county
10 treasurer shall credit the fee for district courts to a separate suspense account and shall forward the amount
11 in the account to the state treasurer at the time that the county treasurer distributes money from the motor
12 vehicle suspense fund. The state treasurer shall credit amounts received under this subsection to the
13 general fund to be used for purposes of state funding of ~~the~~ district court expenses as provided in
14 3-5-901."

15
16 **Section 28.** Section 61-3-527, MCA, is amended to read:

17 **"61-3-527. Fee in lieu of tax for motorcycles and quadricycles -- schedule of fees.** (1) (a) There
18 is a fee in lieu of property tax imposed on motorcycles and quadricycles. The fee is in addition to annual
19 registration fees.

20 (b) The fee imposed by subsection (1)(a) ~~need is not required to~~ be paid by a dealer for motorcycles
21 or quadricycles that constitute inventory of the dealership.

22 (2) The owner of a motorcycle or quadricycle shall pay a fee based on the age of the motorcycle
23 or quadricycle and the size of the engine, as follows:

24 (a) The fee schedule for a motorcycle or quadricycle with an engine that measures from 1 cubic
25 centimeter to 600 cubic centimeters is as follows:

26 (i) less than 2 years old, \$30;

27 (ii) 2 years old and less than 5 years old, \$25;

28 (iii) 5 years old and less than 11 years old, \$15; and

29 (iv) 11 years old and older, \$10.

30 (b) The fee schedule for a motorcycle or quadricycle with an engine that measures from 601 cubic

centimeters to 1,000 cubic centimeters is as follows:

- (i) less than 2 years old, \$70;
- (ii) 2 years old and less than 5 years old, \$55;
- (iii) 5 years old and less than 11 years old, \$40; and
- (iv) 11 years old and older, \$30.

(c) The fee schedule for a motorcycle or quadricycle with an engine that measures 1,001 cubic centimeters and larger is as follows:

- (i) less than 2 years old, \$110;
- (ii) 2 years old and less than 5 years old, \$90;
- (iii) 5 years old and less than 11 years old, \$65; and
- (iv) 11 years old and older, \$40.

(d) The age of a motorcycle or quadricycle is determined by subtracting the manufacturer's designated model year from the current calendar year."

Section 29. Section 61-3-535, MCA, is amended to read:

"61-3-535. Vehicle reregistration by mail -- ~~renewal cards~~ reminder notice and reregistration notice by mail. (1) ~~Except as provided in subsection (2), an owner of the following types of motor vehicles may reregister by mail:~~

- ~~(a) light vehicles, quadricycles, and other vehicles subject to tax under 61-3-504(2); and~~
- ~~(b) motorcycles, travel trailers, campers, and motor homes subject to a fee in lieu of tax under 61-3-521 and 61-3-527.~~

~~(2) The option to reregister by mail need only be made available for vehicles, motor homes, and travel trailers registered at the close of the expiring registration period in the name of the applicant for reregistration and only if~~ The department may allow the owner of a motor vehicle to renew the registration of a vehicle by mail when the value, age, length, weight, or other criteria used to determine the tax or fee for a particular type of vehicle is available to the department by electronic means.

~~(3)(2) The department shall develop a procedure to facilitate the reregistration by mail of the vehicles listed in subsection (1). The~~ Any mail reregistration procedure developed by the department must include a procedure to facilitate automated handling of mail reregistration or recertification.

~~(4) The procedure implemented by the department to permit reregistration or camper decal~~

1 application by mail must and must provide for a written reminder notice by mail to a vehicle owner of the
2 requirement to reregister the owner's vehicle with the county treasurer or to apply for the annual camper
3 decal.

4 ~~(5)~~(3) The department shall adopt rules to implement the mail reregistration and decal application
5 procedure."

6
7 **Section 30.** Section 61-3-537, MCA, is amended to read:

8 **"61-3-537. (Temporary) Local option vehicle tax.** (1) A county may impose a local vehicle tax on
9 vehicles subject to a ~~property~~ tax under 61-3-504(2) at a rate of up to 0.5% of the value determined under
10 61-3-503, in addition to the tax imposed under 61-3-504(2).

11 (2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed
12 under 61-3-504(2). The first priority of the local vehicle tax is for district court funding, and the tax is
13 distributed as follows:

14 (a) 50% to the county; and

15 (b) the remaining 50% to the county and the incorporated cities and towns within the county
16 apportioned on the basis of population. The distribution to a city or town is determined by multiplying the
17 amount of money available by the ratio of the population of the city or town to the total county population.
18 The distribution to the county is determined by multiplying the amount of money available by the ratio of
19 the population of unincorporated areas within the county to the total county population.

20 (3) The governing body of a county may impose, revise, or revoke a local vehicle tax by adopting
21 a resolution before July 1, after conducting a public hearing on the proposed resolution. The resolution may
22 provide for the distribution of the local vehicle tax. (Terminates June 30, 2005--sec. 2, 3, Ch. 217, L.
23 1995.)

24 **61-3-537. (Effective July 1, 2005) Local option vehicle tax.** (1) A county may impose a local
25 vehicle tax on vehicles subject to a ~~property~~ tax under 61-3-504(2) at a rate of up to 0.5% of the value
26 determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).

27 (2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed
28 under 61-3-504(2) and is distributed in the same manner, based on the registration address of the owner
29 of the motor vehicle.

30 (3) The governing body of a county may impose, revise, or revoke a local vehicle tax by adopting

a resolution before July 1, after conducting a public hearing on the proposed resolution."

NEW SECTION. Section 31. Definitions. As used in [section 32] and this section, unless the context requires otherwise, the following definitions apply:

(1) "Bus" has the same meaning as provided in 61-1-115.

(2) "Manufacturer's rated gross combined weight" means the manufacturer's published weight of the allowable load for a truck tractor and trailer combined and includes the weight of the truck tractor and the trailer.

(3) "Manufacturer's rated gross vehicle weight" means the manufacturer's published weight of the allowable load for a truck and includes the weight of the truck.

(4) "Truck" means a motor vehicle designed to carry an entire load. The truck may consist of a chassis and body or a chassis-cab and body or it may be of unitized construction so that the body and cab appear to be a single unit.

(5) "Truck tractor" has the same meaning as provided in 61-1-108.

NEW SECTION. Section 32. Schedule of fees for buses, motor vehicles having rated capacity of more than 1 ton, and truck tractors -- proration. (1) (a) There is a fee in lieu of property tax imposed on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors. The fee is in addition to annual registration fees.

(b) The fee imposed by subsection (1)(a) is not required to be paid by a dealer of buses, trucks, or truck tractors that constitute inventory of the dealership.

(2) Subject to the conditions of subsection (4), the owner of a bus, truck with a manufacturer's rated capacity of more than 1 ton, or truck tractor shall pay a fee in lieu of tax based on the age and manufacturer's rated capacity of the vehicle according to the following schedule:

Age of Vehicle (in years)	Rated Capacity (in pounds)			
	16,999 or less	17,000-26,999	27,000-54,999	55,000 or more
1 or less	\$234	\$334	\$568	\$750
2	218	300	500	600
3	200	268	440	532
4	184	234	368	484

1	5	166	218	320	390
2	6	150	200	268	334
3	7	132	182	234	294
4	8	116	166	200	250
5	9	100	150	184	218
6	10	82	116	158	184
7	11-12	66	100	134	152
8	13-14	56	74	104	122
9	15-16	50	60	76	94
10	17-18	36	52	58	72
11	19-20	26	38	44	52
12	21 or more	20	24	32	40

13 (3) The age of the vehicle is determined by subtracting the manufacturer's model year of the vehicle
 14 from the calendar year for which the fee in lieu of tax is due.

15 (4) (a) The manufacturer's rated capacity for a bus or truck with a manufacturer's rated capacity
 16 of more than 1 ton is the manufacturer's rated gross vehicle weight.

17 (b) The manufacturer's rated capacity for a truck tractor is the manufacturer's rated gross combined
 18 weight.

19 (5) The fee in lieu of tax on a vehicle subject to this section that is brought or driven into this state
 20 by a nonresident person for hire, compensation, or profit must be prorated according to the ratio that the
 21 remaining number of months in the year bears to the total number of months in the year.

22 (6) (a) The fee in lieu of tax on a vehicle subject to this section that is registered in the state for the
 23 first time must be prorated as provided in subsection (5).

24 (b) The fee in lieu of tax on a vehicle subject to this section that is reregistered in the state is for
 25 a full year.

26 (7) The fee in lieu of tax may not be refunded.

27

28 **NEW SECTION. Section 33. Assessment of proportionally registered interstate motor vehicle fleets**

29 -- payment of tax or fee in lieu of tax required for registration. (1) (a) Except as provided in subsection (2),
 30 the department of transportation shall determine the fee for the purpose of imposing the fee in lieu of tax

as provided in [sections 31 and 32] on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, in interstate motor vehicle fleets that are proportionally registered under the provisions of 61-3-711 through 61-3-733. The fee must be apportioned on the ratio of total miles traveled to in-state miles traveled as prescribed by 61-3-721. The fee in lieu of tax on interstate motor vehicle fleets is imposed upon application for proportional registration and must be paid by the persons who own or claim the fleet or in whose possession or control the fleet is at the time of the application.

(b) With respect to an original application for a fleet that has a situs in Montana for the purpose of the fee in lieu of tax under this part or any other provision of the laws of Montana, the fee in lieu of tax on fleet vehicles must be prorated according to the ratio that the remaining number of months in the year bears to the total number of months in the year.

(2) For the purpose of taxation, the department of transportation shall assess light vehicles, as defined in [section 16], that are part of an interstate motor vehicle fleet as follows:

(a) The value of each vehicle is determined in the same manner as provided in 61-3-503.

(b) The value determined under subsection (2)(a) multiplied by the percent of miles traveled in Montana, as prescribed by 61-3-721, is the market value.

(c) The sum of the market value of all vehicles subject to tax under this subsection (2) multiplied by 2% is the tax for the entire fleet.

(d) With respect to an original application for a fleet that has a situs in Montana for the purpose of taxation under this part or any other provision of the laws of Montana, the taxes on taxable vehicles are determined as provided in subsection (2)(b).

(e) Vehicles taxed as part of a fleet under this subsection (2) are not subject to the local option tax imposed under 61-3-537.

(3) With respect to a renewal application for a fleet, taxable vehicles are assessed and taxed for a full year and for all other vehicles the fee in lieu of tax is imposed for a full year.

(4) Vehicles contained in a fleet for which current taxes or fees, or both, have been assessed and paid may not be assessed or charged fees under this section upon presentation to the department of proof of payment of taxes, fees, or both for the current registration year. The payment of fleet vehicle taxes, fees in lieu of tax, and license fees is a condition precedent to proportional registration or reregistration of an interstate motor vehicle fleet.

(5) All taxes and fees collected on motor vehicle fleets under this chapter must be deposited and

distributed as provided in [section 35].

NEW SECTION. Section 34. Situs in state of proportionally registered fleets -- collection of taxes and fees. (1) For the purposes of this part, any vehicle previously registered or that has had application for registration made under the provisions of 61-3-711 through 61-3-733 has a situs in Montana for the purposes of taxation or the fee in lieu of tax.

(2) The department of transportation shall collect the fleet vehicle taxes, the fees in lieu of tax, and license fees prescribed in this part.

NEW SECTION. Section 35. Deposit and distribution of taxes and fees on proportionally registered fleets. The taxes, fees in lieu of tax, and license fees collected under this part must be deposited with the state treasurer for distribution to the general fund of each county on the following basis:

(1) for fleet vehicle taxes and fees in lieu of tax, according to the ratio of the taxable valuation of each county to the total state taxable valuation; and

(2) for fleet vehicle license fees, according to the ratio of vehicle license fees, other than fees derived from interstate motor vehicle fleets, collected in each county to the sum of all fleet vehicle fees collected in all the counties.

Section 36. Section 61-3-701, MCA, is amended to read:

"61-3-701. Foreign vehicles used in gainful occupation to be registered -- reciprocity. (1) Before ~~any~~ a foreign licensed motor vehicle may be operated on the highways of this state for hire, compensation, or profit or before the owner ~~and/or or~~ user thereof ~~of the vehicle~~ uses the vehicle if ~~such the~~ the owner ~~and/or or~~ user is engaged in gainful occupation or business enterprise in the state, including highway work, the owner of the vehicle shall ~~make application~~ apply to a county treasurer for registration upon an application form furnished by the department. Upon satisfactory evidence of ownership submitted to the county treasurer and the payment of ~~property~~ motor vehicle taxes or fees in lieu of taxes, if appropriate, as required by 15-8-201, 15-8-202, 15-24-301, 61-3-504, ~~or~~ 61-3-537, or [section 32], the treasurer shall accept the application for registration and shall collect the regular license fee required for the vehicle.

(2) ~~The~~ Upon payment of the fees or taxes, the treasurer shall ~~thereupon~~ issue to the applicant a copy of the certificate entitled "Owner's Certificate of Registration and Payment Receipt" and forward

duplicate copy of the certificate to the department. The treasurer shall at the same time issue to the applicant the proper license plates or other identification markers, which ~~shall~~ must at all times be displayed upon the vehicle when operated or driven upon roads and highways of this state during the effective period ~~of the life~~ of the license.

(3) The registration receipt ~~shall~~ does not constitute evidence of ownership but ~~shall~~ must be used only for registration purposes. ~~No~~ A Montana certificate of ownership ~~shall~~ may not be issued for this type of registration.

(4) This section is not applicable to ~~any~~ a vehicle covered by a valid and existing reciprocal agreement or declaration entered into under the provisions of the laws of Montana."

Section 37. Section 61-12-402, MCA, is amended to read:

"61-12-402. Notice to owner. (1) Within 72 hours after ~~any~~ a vehicle is removed and held by or at the direction of the Montana highway patrol, the highway patrol shall notify the sheriff of the county in which the vehicle was located at the time it was taken into custody ~~and~~ of the place where the vehicle is being held. In addition, the Montana highway patrol shall furnish the sheriff:

(a) a complete description of the vehicle, including year, make, model, serial number, and license number if available;

(b) any costs incurred to that date in the removal, storage, and custody of the vehicle; and

(c) any available information concerning its ownership.

(2) The sheriff or the city police shall make reasonable efforts to ascertain the name and address of the owner, lienholder, or person entitled to possession of the vehicle taken into custody under 61-12-401. If a name and address are ascertained, the sheriff or the city police shall notify the owner, ~~and~~ lienholder, or person of the location of the vehicle.

(3) If the vehicle is registered in the office of the department, notice is considered to have been given when a ~~registered or~~ certified letter addressed to the registered owner of the vehicle and lienholder, if any, at the latest address shown by the records in the office of the department, return receipt requested and postage prepaid, is mailed at least 30 days before the vehicle is sold.

(4) If the identity of the last-registered owner cannot be determined, if the registration does not contain an address for the owner, or if it is impossible to determine with reasonable certainty the identity and addresses of all lienholders, notice by one publication in one newspaper of general circulation in the

1 county where the motor vehicle was abandoned is sufficient to meet all requirements of notice pursuant
2 to this part. The notice by publication ~~can~~ may contain multiple listings of abandoned vehicles. The notice
3 must be provided in the same manner as prescribed in 25-13-701(1)(b).

4 (5) If the abandoned vehicle is in the possession of a motor vehicle wrecking facility licensed under
5 75-10-511, the wrecking facility may make the required search to ascertain the name and address of the
6 owner, lienholder, or person entitled to possession of the vehicle and shall give the notices required in
7 subsections (2) through (4). The wrecking facility shall deliver to the sheriff or the city police a certificate
8 describing the efforts made to ascertain the name and address of the owner, lienholder, or person entitled
9 to possession of the vehicle and shall deliver to the sheriff or the city police proof of the notice given.

10 (6) A vehicle found by law enforcement officials to be a junk vehicle, as defined by 75-10-501,
11 and ~~certified as having an appraised~~ that has a value of \$500 or less, as determined by the department of
12 ~~revenue~~, may be directly submitted for disposal in accordance with the provisions of ~~part 5 of chapter 10,~~
13 Title 75, chapter 10, part 5, upon a release given by the sheriff or the city police. In the release, the sheriff
14 or the city police shall include a description of the vehicle, including year, make, model, serial number, and
15 license number if available. A release provided by the sheriff or the city police under this section must be
16 transmitted to the motor vehicle wrecking facility and must be considered by that facility to meet the
17 requirements for records under 75-10-512 and 75-10-513. Vehicles described in this section may be
18 submitted for disposal without notice and without a required holding period."

19
20 **NEW SECTION. Section 38. Codification instruction.** (1) [Sections 16 and 17] are intended to be
21 codified as an integral part of Title 61, chapter 1, part 1, and the provisions of Title 61, chapter 1, part 1,
22 apply to [sections 16 and 17].

23 (2) [Sections 31 and 32] are intended to be codified as an integral part of Title 61, chapter 3, part
24 5, and the provisions of Title 61, chapter 3, part 5, apply to [sections 31 and 32].

25 (3) [Sections 33 through 35] are intended to be codified as an integral part of Title 61, chapter 3,
26 part 7, and the provisions of Title 61, chapter 3, part 7, apply to [sections 33 through 35].

27
28 **NEW SECTION. Section 39. Repealer.** Sections 15-24-101, 15-24-102, 15-24-103, 15-24-104,
29 15-24-105, and 15-24-2501, MCA, are repealed.

1 **NEW SECTION.** **Section 40. Effective dates -- applicability -- rulemaking.** (1) Except for the
2 purposes of subsection (2), [this act] is effective January 1, 1998, and applies to tax years beginning after
3 December 31, 1997.

4 (2) For the purposes of promulgating administrative rules under 61-3-506, [section 25 and this
5 section] are effective on passage and approval.

6 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0057, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising the classification, valuation, and taxation of motor vehicles; taxing automobiles, trucks having a manufacturer's rated capacity of 1 ton or less, vans, and sport utility vehicles at 2 percent of the depreciated value of the manufacturer's suggested retail price; exempting from property taxation buses, trucks having a manufacturer's rated capacity of more than 1 ton, truck tractors, and personal property attached to these exempt vehicles; imposing a fee in lieu of property taxes on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors; providing for the proration of the fee in lieu of tax; clarifying that special mobile equipment is subject to property tax; replacing the tax on quadricycles with a fee in lieu of tax; and providing effective dates and an applicability date.

ASSUMPTIONS:

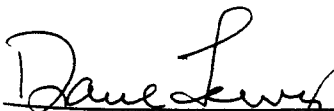
DEPARTMENT OF JUSTICE:

1. To comply with this bill the Department of Justice (DOJ), Motor Vehicle Division would require 2.00 FTE temporary part-time (grade 9) July through December 1997 reduced to 1.00 FTE permanent full-time (grade 9) effective January 1998 for the balance of fiscal 1998 and all of fiscal 1999. Personal services costs would be \$34,296 in fiscal 1998 and \$21,964 in fiscal 1999 to set up and maintain the necessary database.
2. DOJ operating expenditures are estimated to be \$66,890 in fiscal 1998 and \$43,660 in fiscal 1999 for the following: \$35,000 in fiscal 1998 and \$12,100 in fiscal 1999 for the purchase of certain essential valuation, GVWR and MSRP files; \$1,000 for printing forms; \$1,900 for office supplies, utilities and postage; \$18,000 for a toll-free telephone line accessible by the counties for problem resolution; \$8,000 for books and reference materials to be provided to the counties; \$990 in fiscal 1998 and \$660 in fiscal 1999 for mainframe access lines; \$2,000 for computer processing time.
3. Additional one-time operating expenditures in fiscal 1998 would total \$6,800 including an estimated \$5,100 for 256 hours of computer programming time, \$300 for computer and telephone wiring costs and \$1,400 for mainframe access computer cards. Computer programming costs could be much higher if the software and data received are not in an easy link format to the vin which would require considerable program manipulation.
4. Equipment costs in fiscal 1998 would include \$6,000 for two computers and \$3,000 for desks, chairs, files and phones.

DEPARTMENT OF REVENUE:

5. This bill is effective January 1, 1998, and applies to tax years beginning after December 31, 1997.
6. Under current law, the taxable valuation rate for Class 8 personal property is reduced to 8% in tax year 1996; 7% in tax year 1997; and 6% in tax year 1998.
7. Under the proposed law, administration of taxes on light cars and trucks, and heavy trucks, is transferred from the Department of Revenue to the Departments of Justice and Transportation.
8. The proposed depreciation schedules tied to MSRP for light vehicles; and the flat fee schedule proposed for heavy trucks, are revenue-neutral statewide. The TY1998 proposed flat fee schedule for heavy trucks takes the reduction in the class 8 taxable valuation rate into account.

(Continued)

 1-9-97
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 1-10-97
MIGNON WATERMAN, PRIMARY SPONSOR DATE

Fiscal Note for SB0057, as introduced

SB 57

9. Statewide revenue-neutrality results in revenue-neutrality for state property tax accounts (101 state mills).
10. Detailed impacts of this proposal can be found in the summary report of the Revenue Oversight Committee titled "Motor Vehicle Taxation and Other Issues Before the Revenue Oversight Committee", December, 1996.
11. Because motor vehicle valuations no longer will be based on the average wholesale or trade-in values found in N.A.D.A. guides, the Department of Revenue will be able to drop its subscription to this service, resulting in reduced administrative expense of about \$10,000 per year.
12. This bill does not impact any Department of Revenue revenues.

DEPARTMENT OF TRANSPORTATION:

13. The flat tax was developed to be revenue neutral, and mirror property tax reduction which was passed by the 1995 Legislature. Therefore, there is no fiscal impact.

FISCAL IMPACT:Department of Justice:

	<u>FY98</u>	<u>FY99</u>
<u>Expenditures:</u>	<u>Difference</u>	<u>Difference</u>
FTE	1.50	1.00
Personal Services	34,296	21,964
Operating Expenses	73,690	43,660
Equipment	9,000	0
Total	116,986	65,624

Funding:

General Fund (01)	116,986	65,624
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Department of Revenue:Expenditures:

Operating Expenses	(10,000)	(10,000)
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Funding:

General Fund (01)	(10,000)	(10,000)
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Net Impact (Cost):

General Fund (01)	(106,986)	(55,624)
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Although the statewide revenue impact from this proposal approximates revenue-neutrality, the individual composition of vehicle types within a taxing jurisdiction may or may not provide for revenue-neutrality for individual taxing jurisdictions. Detailed impacts that this proposal has on local government revenues, by county, may be found in the summary report of the Revenue Oversight Committee titled "Motor Vehicle Taxation and Other Issues Before the Revenue Oversight Committee", December, 1996.

SENATE TAXATION

Page 4

- BILL NO - REFERRED - HEARING - OTHER CONSIDERATION DATES - EXECUTIVE ACTION/DATE/VOTE ----- REREFERRED ---- DATE READ

SB0020	GAGE, DELWYN	12/27	1/08	REVISE DEFINITION OF AVERAGE MILL LEVY APPLIED TO RAILROAD CAR PROPERTY	DO PASS	VOTE: 9-0	1/11
SB0026	COLE, MACK	12/27	1/14	REVISE TAXATION OF TRAILERS WEIGHING LESS THAN 26,000 POUNDS	PASS AS AMENDED	VOTE: 9-0	1/21
SB0057	WATERMAN, MIGNON	1/03	1/14	GENERALLY REVISE THE TAXATION OF MOTOR VEHICLES	PASS AS AMENDED	VOTE: 9-0	1/28
SB0100	BECK, TOM	1/03	1/10	REVISE FOREST LAND TAXATION LAWS	PASS AS AMENDED	VOTE: 9-0	1/22
SB0122	GAGE, DELWYN	1/07	1/10	MAKING THE OPERATOR PERSONALLY LIABLE FOR PAYMENT OF OIL AND GAS TAXES	TABLED ON 01/28	VOTE: 5-4	
SB0127	COLE, MACK	1/07	1/13	CLARIFY VALUATION OF AGRICULTURAL IMPLEMENTS AND MACHINERY	PASS AS AMENDED	VOTE: 9-0	1/23
SB0134	NELSON, LINDA	1/08	1/22	ALLOW VOTE FOR HOSPITAL DISTRICT TO LEVY 3 MILLS -- OUT OF I-105	DO PASS	VOTE: 8-1	1/30
SB0151	MILLER, KEN	1/09	1/15	INCOME TAX DEDUCTION FOR HEALTH AND LONG CARE INSURANCE -- EXTENDED FAMILY	PASS AS AMENDED	VOTE: 5-3	1/28
SB0177	FOSTER, MIKE	1/14	1/21	EXPAND \$800 ELDERLY INTEREST EXCLUSION TO INCLUDE DIVIDEND INCOME	DO PASS	VOTE: 5-4	2/06
SB0184	FOSTER, MIKE	1/16	1/23	ALLOW INDIVIDUAL INCOME TAX CREDIT FOR DEPENDENT CARE SERVICES	PASS AS AMENDED	VOTE: 8-1	1/31
SB0189	JABS, REINY	1/22		REVISING THE TERRITORIAL INTEGRITY ACT		VOTE:	
SB0191	HARGROVE, DON	1/17		PROVIDING FOR CREATION, BY ELECTION, OF RESORT AREA DISTRICT; DIRECTORS; ETC		VOTE:	LOCAL GOVERNMENT

28

MINUTES

**MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By CHAIRMAN GERRY DEVLIN, on January 14, 1997, at 8:00 a.m., in Room 415.

ROLL CALL

Members Present:

Sen. Gerry Devlin, Chairman (R)
Sen. Mike Foster, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Bob DePratu (R)
Sen. Dorothy Eck (D)
Sen. Wm. E. "Bill" Glaser (R)
Sen. Mike Sprague (R)
Sen. Barry "Spook" Stang (D)
Sen. Fred R. Van Valkenburg (D)

Members Excused: None

Members Absent: None

Staff Present: Jeff Martin, Legislative Services Division
Renée Podell, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB26 and SB57
Executive Action: None

HEARING ON SB 26

Sponsor: SEN. MACK COLE, SD 4 HYSHAM

Proponents: Patricia Cook, Montana County Treasurers
Sharon Ferguson, Department of Revenue
Carl Schweitzer, Montana Contractor's Association

Opponents: None

Opening Statement by Sponsor:

SEN. MACK COLE, SD 4, HYSHAM, explains SB 26 revises the classification and taxation of certain trailers, campers and truck toppers imposing a fee in lieu of ad valorem taxes on all trailers, pole trailers, and semitrailers having a declared

weight of less than 26,000 pounds. He states this is a method for simplifying and streamlining the licensing process bringing equity into place.

Proponents' Testimony:

Carl Schweitzer, Montana Contractor's Association, favors this legislation and requests the support of the committee.

Patricia Cook, Montana County Treasurers Association, states this legislation will improve services on the county level and is supported by the association.

Sharon Ferguson, Property Assessment Division, Department of Revenue, presents written testimony in support of this bill (EXHIBIT #1).

(Tape recorder froze-no recording available)

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. MIKE FOSTER questions SEN COLE on why the effective date of January 1, 1998 was chosen.

SEN. COLE invites Ms. Ferguson to respond. Ms. Ferguson responds that this date allows the department to put everything into place.

SEN. DOROTHY ECK asks Ms. Ferguson why mobile homes are not included. Ms. Ferguson responds that mobile homes are already on the fee in lieu of taxes.

SEN. FOSTER points out that language found on Page 7 (Rules) needs to include the word "administration". SEN. COLE states it is his intent to have this wording in the statute.

SEN. COLE closes the hearing asking for support for SB 26.

HEARING ON SB 57

Sponsor: MIGNON WATERMAN, SD 26, HELENA

Proponents: Larry Finch, Research Division, Department of Revenue
David A. Galt, Montana Department of Transportation
Dan Wirak, Merganthaler Transfer
Bob Gilbert, Montana Tow Truck Association
Ben G. Havdahl, Montana Motor Carriers Association
Bob Stephens, Montana Grain Growers
Steve Turkiavic, Montana Auto Dealers Association
Gordon Morris, Montana Association of Counties

Dean Roberts, Department of Justice, Motor Vehicle
Division

Carl Schweitzer, Montana Contractor's Association

Patricia Cook, Montana Treasurer's Association

Sharon Ferguson, Department of Revenue

Opponents: Dennis Burr, MONTAX

Opening Statement by Sponsor:

SEN. MIGNON WATERMAN, SD 26, HELENA, presents this bill as an alternative approach to taxing light cars and trucks. She explains it is designed specifically to optimize property tax revenue neutrality overall for the combined revenue from both the new car sales tax and the property tax on used vehicles. SEN. WATERMAN states this bill will make it easier to license a vehicle by simplifying the process.

Larry Finch, Department of Revenue (DOR), offers (EXHIBIT #2 AND EXHIBIT #3) on SB 57 from the DOR office of research and information.

David A. Galt, Administrator, Motor Carrier Services Division, Department of Transportation, introduces (EXHIBIT #4).

Bob Gilbert, Montana Tow Truck Association, announces this is a fair bill giving the tax process certainty.

Gordon Morris, Montana Association of Counties (MACO), echoes the counties support for SB 57.

Ben G. Havdahl, Executive Vice President, Montana Motor Carriers Association, presents written testimony (EXHIBIT #5).

Bob Stephens, Montana Grain Growers, supports the time saving aspect of the bill.

Steve Turkiavic, Montana Auto Dealers Association, urged passage of SB 57.

Patricia Cook, Montana Treasurer's Association, reports that customers will no longer be required to go to multiple offices in the courthouse to license a vehicle. She states the process will be simplified when the DOR is not required to value motor vehicles for tax purposes.

Sharon Ferguson, Tax Appraisal Specialist, Property Assessment Division, Department of Revenue, presents (EXHIBIT #6).

Opponents' Testimony:

Dennis Burr, MONTAX, states SB 57 exempts trucks from the fee schedule. He feels the blue book is the best method of evaluation and its use should be continued. Mr. Burr contends

this bill is only for governmental administrative convenience and it does nothing for the taxpayers.

Questions From Committee Members and Responses:

CHAIRMAN DEVLIN questions Ms. Cook in regard to if her county commissioners are opposed to this bill. Ms. Cook states they are not opposed to it.

CHAIRMAN DEVLIN asks SEN. WATERMAN if the Revenue Oversight Committee meetings on this proposal were well attended and if any county commissioners attended. SEN. WATERMAN comments the meetings were well attended and that MACO representatives attended in the commissioners absences.

Closing by Sponsor:

SEN. WATERMAN closes the hearing on SB 57 stating government is people and when the process is streamlined, government is streamlined.

There are no exhibits at the Law Library for this date.

Please check at the Montana Historical Society for the originals.

MINUTES

**MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN GERRY DEVLIN**, on January 28, 1997, at 8:03 a.m., in Room 413.

ROLL CALL

Members Present:

Sen. Gerry Devlin, Chairman (R)
Sen. Mike Foster, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Bob DePratu (R)
Sen. Dorothy Eck (D)
Sen. Wm. E. "Bill" Glaser (R)
Sen. Mike Sprague (R)
Sen. Barry "Spook" Stang (D)
Sen. Fred R. Van Valkenburg (D)

Members Excused: None

Members Absent: None

Staff Present: Jeff Martin, Legislative Services Division
Renee Podell, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 194
Executive Action: SB 134 (No final action taken)
SB 57 (DPAA);
SB 151 (DPAA)

EXECUTIVE ACTION: SB 134 (No final action taken)

{Tape: 1; Side: A; Approx. Time Count: .7; Comments: None.}

DISCUSSION:

CHAIRMAN GERRY DEVLIN explains the bill was brought by **SEN. LINDA NELSON**. He says he visited with her yesterday; she said the County Attorney's idea was that this wouldn't have to have a vote. Committee is being asked to consider taking the vote out of the bill.

SEN. MACK COLE asks if this has ever been voted on before. **SEN. BOB DEPRATU** responds they had been voting every year and it had

been costing money every year so they wanted to put it back to a one time vote of the people.

MOTION: SEN. MIKE FOSTER MOVED SB 134 DO PASS AS IS, NOT INTERESTED IN AMENDING IT TO GET RID OF THE VOTE.

CHAIRMAN DEVLIN explains that is not what the sponsor and the County Attorney want.

SEN. VAN VALKENBURG indicates his understanding is the sponsor doesn't object to having a one time vote, but the every year vote is what they are trying to avoid.

SEN. MIKE FOSTER WITHDREW HIS MOTION.

SEN. MIKE SPRAGUE requests Jeff Martin explain what it means. Jeff Martin says he's confused by the whole issue; he reads from 734-21-33 and 34, MCA. He will call the County Attorney to clarify.

SEN. MIKE FOSTER states there is one instance where there is a large and a small hospital in the same district - Kalispell and Whitefish. If we amend, it would exclude Whitefish.

CHAIRMAN DEVLIN indicates the Committee will not take Executive Action on this bill without further clarification.

{Tape: 1; Side: A; Approx. Time Count: 12.6; Comments: None.}

EXECUTIVE ACTION ON SB 57

{Tape: 1; Side: A; Approx. Time Count: 14.7; Comments: None.}

MOTION: SEN. MACK COLE MOVED SB 57 DO PASS.

EXPLANATION OF AMENDMENTS: Jeff Martin EXHIBIT 1
The amendments (5701.ajm) clarify that heavy trucks used in the making of motion pictures or commercials are exempt for the first 180 days; afterwards, they are subject to prorated taxes.

MOTION: SEN. COLE MOVED THE AMENDMENTS

DISCUSSION:

SEN. BARRY STANG intends to vote against the amendments as he doesn't like the movie industry getting a break.

SEN. MIKE FOSTER asks what we're trying to be consistent with. Jeff Martin responds that under current law any vehicle used by someone making a movie or commercial is exempt for first 180 days; this clarifies same exemption as property tax structure.

CHAIRMAN DEVLIN asks if there is any other industry that gets this break. Jeff Martin says he is not aware of others. SEN. STANG thinks the oil industry falls under a bill that prorates for the amount of time in the state; can apply for a refund of taxes.

CHAIRMAN DEVLIN inquires of Dave Galt, Department of Transportation. Mr. Galt says currently they have to go to the County Treasurer and pay the taxes; if they leave before the year is up they can apply for a refund.

SEN. MIKE SPRAGUE asks what other states do. Mr. Galt responds he doesn't know, but reminds the Committee that other states have a sales tax which would affect this. Mary Whittinghill, Department of Revenue indicates she does not know how it works in other states. SEN. DOROTHY ECK comments if we are going to do anything to exclude the movie industry we should let the Department of Commerce know, as they were in strong support of this in the many hearings held previously on this issue.

SEN. FOSTER comments we need to be consistent, so will support the amendment.

VOTE: MOTION CARRIED 7-2 with SEN. STANG and CHAIRMAN DEVLIN voting no.

MOTION: SEN. COLE MOVED SB 57 AS AMENDED.

DISCUSSION:

SEN. COLE: Good idea; good support of Revenue Oversight Committee.

SEN. DEPRATU: Levels it out, makes it easy to pay.

SEN. STANG: Consistent.

SEN. FRED VAN VALKENBURG: Spreads the money around the state; Missoula County is the one with biggest negative impact.

VOTE: MOTION CARRIED UNANIMOUSLY.

HEARING ON SB 194

{Tape: 1; Side: A; Approx. Time Count: 31.5; Comments: None.}

Sponsor: SEN. THOMAS KEATING, SD 5, BILLINGS

Proponents:

Brenda Nordlund, Department of Justice

Opponents:

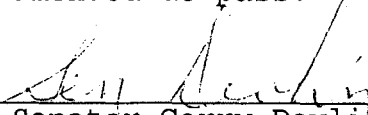
Dave Woodgerd, Department of Revenue

SENATE STANDING COMMITTEE REPORT

Page 1 of 4
January 28, 1997

MR. PRESIDENT:

We, your committee on Taxation having had under consideration SB 57 (first reading copy -- white), respectfully report that SB 57 be amended as follows and as so amended do pass.

Signed: 
Senator Gerry Devlin, Chair

That such amendments read:

1. Title, line 17.
Following: "61-3-509,"
Insert: "61-3-520,"
2. Page 10, line 11.
Strike: "31"
Insert: "32"
3. Page 10, line 12.
Strike: "32"
Insert: "33"
4. Page 11, line 19.
Strike: "32"
Insert: "33"
5. Page 12, line 15.
Strike: "32"
Insert: "33"
6. Page 13, line 21.
Strike: "32"
Insert: "33"
7. Page 14, lines 22 and 29.
Strike: "32"
Insert: "33"
8. Page 15, lines 24 and 29.
Strike: "32"
Insert: "33"
9. Page 17, line 6.
Strike: "32"
Insert: "33"


Amd. Coord.
 Sec. of Senate

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10. Page 20, line 7.

Strike: "32"

Insert: "33"

11. Page 21, line 24.

Strike: "32"

Insert: "33"

12. Page 23, line 21.

Strike: "31"

Insert: "32"

Strike: "32"

Insert: "33"

13. Page 27, line 4.

Strike: "32"

Insert: "33"

14. Page 31, line 17.

Following: "vehicles"

Insert: ", including the proration of taxes under 61-3-520"

15. Page 31, line 18.

Following: "of tax"

Insert: ", including the proration of fees in lieu of tax under
61-3-520,"

16. Page 32, line 3.

Strike: "32"

Insert: "33"

17. Page 32.

Following: line 14

Insert: " **Section 28.** Section 61-3-520, MCA, is amended to read:

"**61-3-520. ~~Taxation of Taxes and fees on vehicles used~~**
exclusively in filming motion pictures or television commercials.

(1) A vehicle used exclusively in the filming of motion pictures or television commercials that has been in the state for a period exceeding 180 consecutive days in a calendar year ~~must be assessed~~ is subject to assessment or a fee in lieu of tax as if the vehicle were not used exclusively for filming motion pictures or television commercials, but the assessment or fee in lieu of tax must be prorated as provided in subsection (2).

(2) The taxes assessed or the fees in lieu of tax imposed under subsection (1) must be prorated by dividing the number of days in excess of 180 consecutive days in the calendar year by 365.

(3) (a) Taxes on a vehicle imposed pursuant to this section must be collected as provided in Title 15, chapter 16, part 1, for the collection of personal property taxes generally.

(b) Fees on a vehicle imposed pursuant to this section must be collected as provided in this chapter."

Renumber: subsequent sections

18. Page 35, line 3.

Strike: "32"

Insert: "33"

19. Page 35, line 17.

Following: "**proration**"

Insert: "-- exemption"

20. Page 36.

Following: line 18

Insert: "(5) A motor vehicle brought into the state or otherwise used for the exclusive purpose of filming motion pictures or television commercials is exempt from the fee in lieu of tax if the vehicle does not remain in the state for a period in excess of 180 consecutive days in a calendar year."

Renumber: subsequent subsections

21. Page 36, line 19.

Strike: "The"

Insert: "Except as provided in 61-3-520, the"

22. Page 36, line 23.

Strike: "(5)"

Insert: "(6)"

23. Page 37, line 1.

Strike: "31"

Insert: "32"

Strike: "32"

Insert: "33"

24. Page 38, line 1.

Strike: "35"

Insert: "36"

25. Page 38, line 27.

Strike: "32"

Insert: "33"

26. Page 40, lines 23 and 24.
Strike: "31"
Insert: "32"
Strike: "32"
Insert: "33"

27. Page 40, lines 25 and 26.
Strike: "33"
Insert: "34"
Strike: "35"
Insert: "36"

-END-

**MONTANA SENATE
1997 LEGISLATURE
TAXATION COMMITTEE**

ROLL CALL

DATE 1-28-97

[illegible]

SEN:1997
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CS-09

EXHIBIT 1

DATE 1/28/97

~~SB~~ 57

Amendments to Senate Bill No. 57
First Reading Copy

Requested by Senator Waterman
For the Committee on Taxation

Prepared by Jeff Martin
January 27, 1997

1. Title, line 17.
Following: "61-3-509,"
Insert: "61-3-520,"
2. Page 10, line 11.
Strike: "31"
Insert: "32"
3. Page 10, line 12.
Strike: "32"
Insert: "33"
4. Page 11, line 19.
Strike: "32"
Insert: "33"
5. Page 12, line 15.
Strike: "32"
Insert: "33"
6. Page 13, line 21.
Strike: "32"
Insert: "33"
7. Page 14, lines 22 and 29.
Strike: "32"
Insert: "33"
8. Page 15, lines 24 and 29.
Strike: "32"
Insert: "33"
9. Page 17, line 6.
Strike: "32"
Insert: "33"
10. Page 20, line 7.
Strike: "32"
Insert: "33"
11. Page 21, line 24.
Strike: "32"
Insert: "33"
12. Page 23, line 21.
Strike: "31"

Insert: "32"
Strike: "32"
Insert: "33"

13. Page 27, line 4.
Strike: "32"
Insert: "33"

14. Page 31, line 17.
Following: "vehicles"
Insert: ", including the proration of taxes under 61-3-520"

15. Page 31, line 18.
Following: "of tax"
Insert: ", including the proration of fees in lieu of tax under
61-3-520,"

16. Page 32, line 3.
Strike: "32"
Insert: "33"

17. Page 32.
Following: line 14
Insert: " **Section 28.** Section 61-3-520, MCA, is amended to read:
"61-3-520. **Taxation of Taxes and fees on vehicles used**
exclusively in filming motion pictures or television commercials.
(1) A vehicle used exclusively in the filming of motion pictures
or television commercials that has been in the state for a period
exceeding 180 consecutive days in a calendar year ~~must be~~
assessed is subject to assessment or a fee in lieu of tax as if
the vehicle were not used exclusively for filming motion pictures
or television commercials, but the assessment or fee in lieu of
tax must be prorated as provided in subsection (2).
(2) The taxes assessed or the fees in lieu of tax imposed
under subsection (1) must be prorated by dividing the number of
days in excess of 180 consecutive days in the calendar year by
365.
(3) (a) Taxes on a vehicle imposed pursuant to this section
must be collected as provided in Title 15, chapter 16, part 1,
for the collection of personal property taxes generally.
(b) Fees on a vehicle imposed pursuant to this section must
be collected as provided in this chapter."
Renumber: subsequent sections

18. Page 35, line 3.
Strike: "32"
Insert: "33"

19. Page 35, line 17.
Following: "**proration**"
Insert: "-- exemption"

20. Page 36.
Following: line 18
Insert: "(5) A motor vehicle brought into the state or otherwise

used for the exclusive purpose of filming motion pictures or television commercials is exempt from the fee in lieu of tax if the vehicle does not remain in the state for a period in excess of 180 consecutive days in a calendar year."

Renumber: subsequent subsections

21. Page 36, line 19.

Strike: "The"

Insert: "Except as provided in 61-3-520, the"

22. Page 36, line 23.

Strike: "(5)"

Insert: "(6)"

23. Page 37, line 1.

Strike: "31"

Insert: "32"

Strike: "32"

Insert: "33"

24. Page 38, line 1.

Strike: "35"

Insert: "36"

25. Page 38, line 27.

Strike: "32"

Insert: "33"

26. Page 40, lines 23 and 24.

Strike: "31"

Insert: "32"

Strike: "32"

Insert: "33"

27. Page 40, lines 25 and 26.

Strike: "33"

Insert: "34"

Strike: "35"

Insert: "36"

HOUSE TAXATION

Page 8

- BILL NO - REFERRED - HEARING - OTHER CONSIDERATION DATES - EXECUTIVE ACTION/DATE/VOTE - REREFERRED - DATE READ

SB0026	COLE, MACK	1/25	2/04	REVISE TAXATION OF TRAILERS WEIGHING LESS THAN 26,000 POUNDS	CONCUR	2/7	VOTE: 18-0	2/08
SB0047	FOSTER, MIKE	1/15	1/22	EXTEND ELECTRONIC SIGNATURE ALTERNATIVE	CONCUR AS AMENDED	1/22	VOTE: 20-0	1/23
SB0049	GAGE, DELWYN	2/11	3/06	REVISE DISTRIBUTION OF OIL AND NATURAL GAS TAXES FOR DEFICIENCY & CREDITS	CONCUR	3/6	VOTE: 19-1	3/07
SB0057	WATERMAN, MIGNON	2/01	2/07	GENERALLY REVISE THE TAXATION OF CERTAIN MOTOR VEHICLES	CONCUR	3/14	VOTE: 14-6	3/15
SB0100	BECK, TOM	1/27	2/05	REVISE FOREST LAND TAXATION LAWS	CONCUR	2/6	VOTE: 19-1	2/07
SB0119	COLE, MACK	1/25	2/04	GENERALLY REVISE TAX ADMINISTRATION	CONCUR	2/4	VOTE: 19-0	2/04
SB0125	CHRISTIAENS, CHRIS	1/29	2/05	UNIFORM UNCLAIMED PROPERTY ACT	CONCUR	2/5	VOTE: 17-3	2/06
SB0127	COLE, MACK	1/28	2/11	CLARIFY VALUATION OF AGRICULTURAL IMPLEMENTS AND MACHINERY	CONCUR	2/11	VOTE: 19-0	2/12
SB0130	HOLDEN, RIC	1/27	2/04	2/6 REQUIRING ACTUAL NOTICE TO CERTAIN TAXPAYERS IN A TAX SALE PROCEEDING	CONCUR AS AMENDED	2/10	VOTE: 17-0	2/11
SB0133	SWYSGOOD, CHARLES	2/04	2/11	REAUTHORIZE 6 MILL LEVY FOR UNIVERSITY SYSTEM	CONCUR	2/11	VOTE: 17-2	2/12
SB0134	NELSON, LINDA	2/04	2/17	ALLOW VOTE FOR HOSPITAL DISTRICT TO LEVY 3 MILLS -- OUT OF I-105	CONCUR	2/17	VOTE: 17-3	2/17
SB0151	MILLER, KEN	2/01	2/06	INCOME TAX DEDUCTION FOR HEALTH AND LONG CARE INSURANCE -- EXTENDED FAMILY	CONCUR	3/5	VOTE: 18-2	3/06

SENATE BILL NO. 57

INTRODUCED BY WATERMAN, CHRISTIAENS, FOSTER, COLE, GAGE, STANG, HARRINGTON,

TROPILA, REAM, M. HANSON, HIBBARD, ANDERSON

BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE CLASSIFICATION, VALUATION, AND TAXATION OF MOTOR VEHICLES; TAXING AUTOMOBILES, TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF 1 TON OR LESS, VANS, AND SPORT UTILITY VEHICLES AT 2 PERCENT OF THE DEPRECIATED VALUE OF THE MANUFACTURER'S SUGGESTED RETAIL PRICE; EXEMPTING FROM PROPERTY TAXATION BUSES, TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF MORE THAN 1 TON, TRUCK TRACTORS, AND PERSONAL PROPERTY ATTACHED TO THESE EXEMPT VEHICLES; IMPOSING A FEE IN LIEU OF PROPERTY TAXES ON BUSES, TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF MORE THAN 1 TON, AND TRUCK TRACTORS; PROVIDING FOR THE PRORATION OF THE FEE IN LIEU OF TAX; CLARIFYING THAT SPECIAL MOBILE EQUIPMENT IS SUBJECT TO PROPERTY TAX; REPLACING THE TAX ON QUADRICYCLES WITH A FEE IN LIEU OF TAX; AMENDING SECTIONS 7-1-2111, 15-6-138, 15-6-201, 15-8-111, 15-8-201, 15-8-202, 15-16-202, 15-50-207; 20-9-141, 20-9-331, 20-9-333, 20-9-360, 20-9-501, 20-10-144, 20-10-146, 61-3-101, 61-3-208, 61-3-303, 61-3-456, 61-3-501, 61-3-503, 61-3-504, 61-3-506, 61-3-507, 61-3-509, 61-3-520, 61-3-527, 61-3-535, 61-3-537, 61-3-701, AND 61-12-402, MCA; REPEALING SECTIONS 15-24-101, 15-24-102, 15-24-103, 15-24-104, 15-24-105, AND 15-24-2501, MCA; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE."

THERE ARE NO CHANGES IN THIS BILL AND IT WILL NOT BE REPRINTED. PLEASE REFER TO SECOND READING COPY (YELLOW) FOR COMPLETE TEXT.

THIRD READING

SB 57

APPROVED BY COM
ON TAXATION

SENATE BILL NO. 57

INTRODUCED BY WATERMAN, CHRISTIAENS, FOSTER, COLE, GAGE, STANG, HARRINGTON,
TROPILA, REAM, M. HANSON, HIBBARD, ANDERSON
BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE CLASSIFICATION, VALUATION, AND TAXATION OF MOTOR VEHICLES; TAXING AUTOMOBILES, TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF 1 TON OR LESS, VANS, AND SPORT UTILITY VEHICLES AT 2 PERCENT OF THE DEPRECIATED VALUE OF THE MANUFACTURER'S SUGGESTED RETAIL PRICE; EXEMPTING FROM PROPERTY TAXATION BUSES, TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF MORE THAN 1 TON, TRUCK TRACTORS, AND PERSONAL PROPERTY ATTACHED TO THESE EXEMPT VEHICLES; IMPOSING A FEE IN LIEU OF PROPERTY TAXES ON BUSES, TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF MORE THAN 1 TON, AND TRUCK TRACTORS; PROVIDING FOR THE PRORATION OF THE FEE IN LIEU OF TAX; CLARIFYING THAT SPECIAL MOBILE EQUIPMENT IS SUBJECT TO PROPERTY TAX; REPLACING THE TAX ON QUADRICYCLES WITH A FEE IN LIEU OF TAX; AMENDING SECTIONS 7-1-2111, 15-6-138, 15-6-201, 15-8-111, 15-8-201, 15-8-202, 15-16-202, 15-50-207; 20-9-141, 20-9-331, 20-9-333, 20-9-360, 20-9-501, 20-10-144, 20-10-146, 61-3-101, 61-3-208, 61-3-303, 61-3-456, 61-3-501, 61-3-503, 61-3-504, 61-3-506, 61-3-507, 61-3-509, 61-3-520, 61-3-527, 61-3-535, 61-3-537, 61-3-701, AND 61-12-402, MCA; REPEALING SECTIONS 15-24-101, 15-24-102, 15-24-103, 15-24-104, 15-24-105, AND 15-24-2501, MCA; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because 61-3-506 gives rulemaking authority to the department of justice to implement the new methods for the valuation and taxation of light motor vehicles and for the imposition of fees in lieu of tax on buses and trucks. The rules adopted by the department may contain criteria for determining the manufacturer's suggested retail price, an alternative valuation when the manufacturer's suggested retail price is unavailable, the date of manufacture for vehicles not commercially manufactured for consumer purchase, and the age and rated capacity of buses and trucks.

The legislature contemplates that the rules adopted by the department should address, at a

SECOND READING

SB 57

1 minimum, the following:

- 2 (1) the methods for determining the valuation of light motor vehicles for taxation purposes;
- 3 (2) the assessment and collection of taxes and fees on motor vehicles and buses and trucks;
- 4 (3) the methods for determining the manufacturer's suggested retail price for the valuation of motor
- 5 vehicles;
- 6 (4) the procedures for establishing an equitable alternative value for vehicles that do not have a
- 7 published manufacturer's suggested retail price; and
- 8 (5) the procedures for determining the age and manufacturer's rated capacity for buses and trucks.
- 9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11

12 **Section 1.** Section 7-1-2111, MCA, is amended to read:

13 **"7-1-2111. Classification of counties.** (1) For the purpose of regulating the compensation and

14 salaries of all county officers, not otherwise provided for, and for fixing the penalties of officers' bonds,

15 the counties of this state must be classified according to the taxable valuation of the property in the

16 counties upon which the tax levy is made, except for vehicles subject to taxation under 61-3-504(2), as

17 follows:

- 18 (a) first class--all counties having a taxable valuation of \$50 million or ~~ever~~ more;
- 19 (b) second class--all counties having a taxable valuation of ~~more than~~ \$30 million or more and less
- 20 than \$50 million;
- 21 (c) third class--all counties having a taxable valuation of ~~more than~~ \$20 million or more and less
- 22 than \$30 million;
- 23 (d) fourth class--all counties having a taxable valuation of ~~more than~~ \$15 million or more and less
- 24 than \$20 million;
- 25 (e) fifth class--all counties having a taxable valuation of ~~more than~~ \$10 million or more and less
- 26 than \$15 million;
- 27 (f) sixth class--all counties having a taxable valuation of ~~more than~~ \$5 million or more and less than
- 28 \$10 million;
- 29 (g) seventh class--all counties having a taxable valuation of less than \$5 million.
- 30 (2) As used in this section, taxable valuation means the taxable value of taxable property in the

county as of the time of determination plus:

(a) that portion of the taxable value of the county on December 31, 1981, attributable to automobiles and trucks having a rated capacity of three-quarters of a ton or less;

(b) that portion of the taxable value of the county on December 31, 1989, attributable to automobiles and trucks having a manufacturer's rated capacity of more than three-quarters of a ton but less than or equal to 1 ton;

(c) that portion of the taxable value of the county on December 31, 1997, attributable to buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors;

(d) the value provided by the department of revenue under 15-36-324(10); and

~~(d)~~(e) 6% of the taxable value of the county on January 1 of each tax year."

Section 2. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) all agricultural implements and equipment;

(b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(c) all manufacturing machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(d) all trailers and semitrailers, ~~including those prorated under 15-24-102,~~ except those ~~subject to taxation under 61-3-504(2) or~~ exempt under 15-6-201(1)(v);

(e) all goods and equipment intended for rent or lease, except goods and equipment specifically included and taxed in another class;

(f) ~~buses and trucks having a rated capacity of more than 1 ton, including those prorated under 15-24-102;~~

~~(g)~~ truck toppers weighing more than 300 pounds;

(g) special mobile equipment as defined in 61-1-104;

(h) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(i) x-ray and medical and dental equipment;

- 1 (j) citizens' band radios and mobile telephones;
2 (k) radio and television broadcasting and transmitting equipment;
3 (l) cable television systems;
4 (m) coal and ore haulers;
5 (n) theater projectors and sound equipment; and
6 (o) all other property not included in any other class in this part, except that property subject to
7 a fee in lieu of a property tax.

8 (2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000
9 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material
10 in a mining or quarrying environment.

11 (3) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or
12 service, wholesale, retail, or food-handling business.

13 (4) Class eight property is taxed at:

- 14 (a) 9% of its market value for tax years ending on or before December 31, 1995;
15 (b) 8% of its market value for tax year 1996;
16 (c) 7% of its market value for tax year 1997; and
17 (d) 6% of its market value for tax years beginning after December 31, 1997."

18
19 **Section 3.** Section 15-6-201, MCA, is amended to read:

20 **"15-6-201. Exempt categories.** (1) The following categories of property are exempt from taxation:

21 (a) except as provided in 15-24-1203, the property of:

22 (i) the United States, except:

23 (A) if congress passes legislation that allows the state to tax property owned by the federal
24 government or an agency created by congress; or

25 (B) as provided in 15-24-1103;

26 (ii) the state, counties, cities, towns, and school districts;

27 (iii) irrigation districts organized under the laws of Montana and not operating for profit;

28 (iv) municipal corporations;

29 (v) public libraries; and

30 (vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

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1 (b) buildings, with land they occupy and furnishings in the buildings, owned by a church and used
2 for actual religious worship or for residences of the clergy, together with adjacent land reasonably
3 necessary for convenient use of the buildings;

4 (c) property used exclusively for agricultural and horticultural societies, for educational purposes,
5 and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health
6 and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed
7 by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not
8 exempt.

9 (d) property that is:

10 (i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or
11 21;

12 (ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent
13 care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

14 (iii) not maintained and operated for private or corporate profit;

15 (e) property owned or property that is leased from a federal, state, or local governmental entity by
16 institutions of purely public charity if the property is directly used for purely public charitable purposes;

17 (f) evidence of debt secured by mortgages of record upon real or personal property in the state of
18 Montana;

19 (g) public museums, art galleries, zoos, and observatories not used or held for private or corporate
20 profit;

21 (h) all household goods and furniture, including but not limited to clocks, musical instruments,
22 sewing machines, and wearing apparel of members of the family, used by the owner for personal and
23 domestic purposes or for furnishing or equipping the family residence;

24 (i) a truck canopy cover or topper weighing less than 300 pounds and having no accommodations
25 attached. This property is also exempt from taxation under 61-3-504(2) and 61-3-537.

26 (j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

27 (k) motor homes, travel trailers, and campers;

28 (l) all watercraft;

29 (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association
30 or nonprofit corporation organized to furnish potable water to its members or customers for uses other than

1 the irrigation of agricultural land;

2 (n) the right of entry that is a property right reserved in land or received by mesne conveyance
3 (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by
4 another to explore, prospect, or dig for oil, gas, coal, or minerals;

5 (o) property that is owned and used by a corporation or association organized and operated
6 exclusively for the care of persons with developmental disabilities, the mentally ill, or the vocationally
7 handicapped as defined in 18-5-101 and that is not operated for gain or profit and property owned and used
8 by an organization owning and operating facilities that are for the care of the retired, aged, or chronically
9 ill and that are not operated for gain or profit;

10 (p) all farm buildings with a market value of less than \$500 and all agricultural implements and
11 machinery with a market value of less than \$100;

12 (q) property owned by a nonprofit corporation that is organized to provide facilities primarily for
13 training and practice for or competition in international sports and athletic events and not held or used for
14 private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means
15 an organization exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated
16 and admitted under the Montana Nonprofit Corporation Act.

17 (r) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily
18 hand-held and that are used to:

19 (i) construct, repair, and maintain improvements to real property; or

20 (ii) repair and maintain machinery, equipment, appliances, or other personal property;

21 (s) harness, saddlery, and other tack equipment;

22 (t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in
23 33-25-105;

24 (u) timber as defined in 15-44-102;

25 (v) all trailers and semitrailers that have a licensed gross weight of 26,000 pounds or more or that
26 are registered through a proportional registration agreement under 61-3-721. For purposes of this
27 subsection (1)(v), the terms "trailer" and "semitrailer" mean a vehicle with or without motive power that
28 is:

29 (i) designed and used only for carrying property;

30 (ii) designed and used to be drawn by a motor vehicle; and

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(iii) either constructed so that no part of its weight rests upon the towing vehicle or constructed so that some part of its weight and the weight of its load rests upon or is carried by another vehicle.

(w) all vehicles registered under 61-3-456;

(x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

(ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i); and

(y) motorcycles and quadricycles.

(2) (a) For the purposes of subsection (1)(e), the term "institutions of purely public charity" includes any organization that meets the following requirements:

(i) The organization qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(ii) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

(b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as a part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property: -

(a) \$20,000 in the case of a single-family residential dwelling;

(b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

1 **Section 4.** Section 15-8-111, MCA, is amended to read:

2 **"15-8-111. Assessment -- market value standard -- exceptions.** (1) All taxable property must be
3 assessed at 100% of its market value except as otherwise provided.

4 (2) (a) Market value is the value at which property would change hands between a willing buyer
5 and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable
6 knowledge of relevant facts.

7 (b) If the department uses construction cost as one approximation of market value, the department
8 shall fully consider reduction in value caused by depreciation, whether through physical depreciation,
9 functional obsolescence, or economic obsolescence.

10 (c) Except as provided in subsection (3), the market value of ~~all motor trucks, special mobile~~
11 equipment and agricultural tools, implements, and machinery, ~~and vehicles of all kinds~~ is the average
12 wholesale value shown in national appraisal guides and manuals or the value ~~of the vehicle~~ before
13 reconditioning and profit margin. The department shall prepare valuation schedules showing the average
14 wholesale value when a national appraisal guide does not exist.

15 (3) The department may not adopt a lower or different standard of value from market value in
16 making the official assessment and appraisal of the value of property, except:

17 (a) the wholesale value for agricultural implements and machinery is the loan value as shown in
18 the Official Guide, Tractor and Farm Equipment, published by the national farm and power equipment
19 dealers association, St. Louis, Missouri;

20 (b) for agricultural implements and machinery not listed in the official guide, the department shall
21 prepare a supplemental manual in which the values reflect the same depreciation as those found in the
22 official guide; and

23 (c) as otherwise authorized in Title 15 and Title 61.

24 (4) For purposes of taxation, assessed value is the same as appraised value.

25 (5) The taxable value for all property is the percentage of market or assessed value established for
26 each class of property.

27 (6) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:

28 (a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after
29 deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515,
30 15-23-516, 15-23-517, or 15-23-518.

(b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(d) Properties in 15-6-143, under class ten, are assessed at 100% of the forest productivity value of the land when valued as forest land.

(7) Land and the improvements on the land are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town."

Section 5. Section 15-8-201, MCA, is amended to read:

"15-8-201. General assessment day. (1) The department shall, between January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject to taxation in each county. The department shall assess property to the person by whom it was owned or claimed or in whose possession or control it was at midnight of the preceding January 1. The department shall also ascertain and assess all mobile homes arriving in the county after midnight of the preceding January 1. A mistake in the name of the owner or supposed owner of real property does not invalidate the assessment.

(2) The procedure provided by this section does not apply to:

(a) motor vehicles ~~that are required by 15-8-202 to be assessed on January 1 or upon their anniversary registration date;~~

(b) motor homes, travel trailers, and campers;

(c) watercraft;

(d) livestock;

(e) property defined in 61-1-104 as "special mobile equipment" that is subject to assessment for personal property taxes on the date that application is made for a special mobile equipment plate;

(f) mobile homes held by a distributor or dealer of mobile homes as stock in trade; and

(g) property subject to the provisions of 15-16-203.

(3) Credits must be assessed as provided in 15-1-101(1)(f)."

Section 6. Section 15-8-202, MCA, is amended to read:

"15-8-202. Motor vehicle assessment by department of justice. (1) ~~(a) The department shall, in each year, ascertain and assess all motor vehicles, other than motor homes, travel trailers, and campers or mobile homes, in each county subject to taxation as of January 1 or as of the anniversary registration date of those vehicles as provided by law, subject to 61-3-313 through 61-3-316 and 61-3-501. The assessment for department of justice shall assess all motor light vehicles, must be made subject to 61-3-313 through 61-3-316 and 61-3-501, for taxation in accordance with 61-3-503.~~

~~(b) The department of justice shall determine the fee in lieu of tax for all buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors in accordance with [sections 31 32 and 32 33].~~

~~(c) The motor vehicles Taxes or fees in lieu of tax on motor vehicles under this subsection (1) must be assessed or imposed in each year to on the persons by whom who owned or claimed the motor vehicles or in whose possession or control they were at midnight of January 1 or the motor vehicle was on the anniversary registration date, whichever is applicable.~~

(2) A tax or fee in lieu of tax may not be assessed or imposed against motor vehicles subject to taxation or to a fee in lieu of tax that constitute inventory of motor vehicle dealers as of January 1. These vehicles and all other motor vehicles subject to taxation or a fee in lieu of tax that are brought into the state ~~subsequent to~~ after January 1 as motor vehicle dealers' inventories must be assessed to their respective purchasers as of the dates the vehicles are registered by the purchasers.

(3) "Purchasers" includes dealers who apply for registration or reregistration of motor vehicles, except as otherwise provided by 61-3-502.

(4) Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes, must be assessed at market value as of January 1."

Section 7. Section 15-16-202, MCA, is amended to read:

"15-16-202. Boats, snowmobiles, and motor vehicles -- payment of current and back taxes and fees. (1) The fee in lieu of personal property taxes assessed against a boat for the year in which application for decals is made and the immediately previous year must be paid before license decals may be issued

1 pursuant to 23-2-515.

2 (2) The fee in lieu of tax imposed on a snowmobile for the year in which application for registration
3 is made and the immediately previous year must be paid before a snowmobile may be registered pursuant
4 to 23-2-616.

5 (3) Except for mobile homes as defined in 15-1-101, the new motor vehicle sales tax and the
6 ~~personal property~~ motor vehicle tax or fee in lieu of tax imposed or assessed against a motor vehicle for
7 the current year and the immediately previous year must be paid before a motor vehicle may be registered
8 or reregistered pursuant to 61-3-303.

9 (4) The provisions of subsections (1) through (3) do not require payment of the immediately
10 previous year's taxes or fees if ~~such~~ the taxes or fees have already been paid."

11
12 **Section 8.** Section 15-50-207, MCA, is amended to read:

13 **"15-50-207. Credit against other taxes -- credit for personal property taxes and certain fees.** (1)

14 The additional license fees withheld or otherwise paid as provided ~~herein~~ in this chapter may be used as
15 a credit on the contractor's corporation license tax provided for in chapter 31 of this title or on the
16 contractor's income tax provided for in chapter 30, depending upon the type of tax the contractor is
17 required to pay under the laws of the state.

18 (2) Personal property taxes and the fee in lieu of tax on buses, trucks having a manufacturer's
19 rated capacity of more than 1 ton, or truck tractors as provided in [section 32 33] paid in Montana on any
20 personal property or vehicle of the contractor ~~which that~~ is used in the business of the contractor and is
21 located within this state may be credited against the license fees required under this chapter. However, in
22 computing the tax credit allowed by this section against the contractor's corporation license tax or income
23 tax, the ~~personal property~~ tax credit against the license fees ~~herein~~ required ~~shall~~ under this chapter may
24 not be considered as license fees paid for the purpose of ~~such~~ the income tax or corporation license tax
25 credit."

26
27 **Section 9.** Section 20-9-141, MCA, is amended to read:

28 **"20-9-141. Computation of general fund net levy requirement by county superintendent.** (1) The
29 county superintendent shall compute the levy requirement for each district's general fund on the basis of
30 the following procedure:

(a) Determine the funding required for the district's final general fund budget less the sum of direct state aid and the special education allowable cost payment for the district by totaling:

(i) the district's nonisolated school BASE budget requirement to be met by a district levy as provided in 20-9-303; and

(ii) any general fund budget amount adopted by the trustees of the district under the provisions of 20-9-308 and 20-9-353, including any additional funding for a general fund budget that exceeds the maximum general fund budget.

(b) Determine the money available for the reduction of the property tax on the district for the general fund by totaling:

(i) the general fund balance reappropriated, as established under the provisions of 20-9-104;

(ii) amounts received in the last fiscal year for which revenue reporting was required for each of the following:

(A) tuition payments for out-of-district pupils under the provisions of 20-5-321 through 20-5-323;

(B) revenue from ~~property~~ taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 32 33], and 67-3-204;

(C) oil and natural gas production taxes;

(D) interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4);

(E) revenue from corporation license taxes collected from financial institutions under the provisions of 15-31-702; and

(F) any other revenue received during the school fiscal year that may be used to finance the general fund, excluding any guaranteed tax base aid; and

(iii) pursuant to subsection (4), anticipated revenue from coal gross proceeds under 15-23-703.

(c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from any general fund budget amount adopted by the trustees of the district, up to the BASE budget amount, to determine the general fund BASE budget levy requirement.

(d) Subtract any amount remaining after the determination in subsection (1)(c) from any additional funding requirement to be met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as provided in 20-9-353 to determine any additional general fund levy

requirements.

(2) The county superintendent shall calculate the number of mills to be levied on the taxable property in the district to finance the general fund levy requirement for any amount that does not exceed the BASE budget amount for the district by dividing the amount determined in subsection (1)(c) by the sum of:

(a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000.

(3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the general fund net levy requirement for the district, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) For each school district, the department of revenue shall calculate and report to the county superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross proceeds under 15-23-703."

Section 10. Section 20-9-331, MCA, is amended to read:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district BASE funding program. (1) The county commissioners of each county shall levy an annual basic tax of 33 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 32 33], and 67-3-204, for the purposes of local and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the elementary BASE funding programs of the school districts in the county and to the state general fund in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE funding programs of all elementary districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus

1 balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the
2 fiscal year for which the levy has been set.

3 (2) The revenue realized from the county's portion of the levy prescribed by this section and the
4 revenue from the following sources must be used for the equalization of the elementary BASE funding
5 program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue
6 by the county treasurer in accordance with 20-9-212(1):

7 (a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for
8 the common school fund under the provisions of 17-3-222;

9 (b) the portion of the federal flood control act funds distributed to a county and designated for
10 expenditure for the benefit of the county common schools under the provisions of 17-3-232;

11 (c) all money paid into the county treasury as a result of fines for violations of law, except money
12 paid to a justice's court, and the use of which is not otherwise specified by law;

13 (d) any money remaining at the end of the immediately preceding school fiscal year in the county
14 treasurer's accounts for the various sources of revenue established or referred to in this section;

15 (e) any federal or state money distributed to the county as payment in lieu of property taxation,
16 including federal forest reserve funds allocated under the provisions of 17-3-213;

17 (f) gross proceeds taxes from coal under 15-23-703;

18 (g) oil and natural gas production taxes;

19 (h) anticipated local government severance tax payments for calendar year 1995 production as
20 provided in 15-36-325; and

21 (i) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
22 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32 33, and 67-3-204."

23
24 **Section 11.** Section 20-9-333, MCA, is amended to read:

25 **"20-9-333. Basic special levy and other revenue for county equalization of high school district**
26 **BASE funding program.** (1) The county commissioners of each county shall levy an annual basic special tax
27 for high schools of 22 mills on the dollar of the taxable value of all taxable property within the county,
28 except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527,
29 61-3-537, section 32 33, and 67-3-204, for the purposes of local and state BASE funding program
30 support. The revenue collected from this levy must be apportioned to the support of the BASE funding

programs of high school districts in the county and to the state general fund in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the county's high school tuition obligation and the total of the BASE funding programs of all high school districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The revenue realized from the county's portion of the levy prescribed in this section and the revenue from the following sources must be used for the equalization of the high school BASE funding program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):

(a) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established in this section;

(b) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213;

(c) gross proceeds taxes from coal under 15-23-703;

(d) oil and natural gas production taxes;

(e) anticipated local government severance tax payments for calendar year 1995 production as provided in 15-36-325; and

(f) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32 33, and 67-3-204."

Section 12. Section 20-9-360, MCA, is amended to read:

"20-9-360. State equalization aid levy. (1) There is a levy of 40 mills imposed by the county commissioners of each county on all taxable property within the state, except property for which a tax or fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32 33, and 67-3-204. Except as provided in subsection (2), proceeds of the levy must be remitted to the state

1 treasurer and must be deposited to the credit of the state general fund for state equalization aid to the
2 public schools of Montana.

3 (2) For the benefit of each municipality that created an urban renewal area and adopted a tax
4 increment financing provision for the urban renewal area prior to July 1, 1990, the state treasurer shall
5 distribute each fiscal year from the state equalization aid levy to the municipality the amount, if any, equal
6 to the product of the incremental taxable value of the urban renewal area times the reduced school levy
7 for the area, each calculated for the fiscal year. The reduced school levy for a fiscal year is the difference
8 between the aggregate amount of all property tax levies for school purposes in the urban renewal area,
9 expressed in mills, in the fiscal year ended June 30, 1989, and the aggregate amount of all property tax
10 levies for school purposes in the area or the district, expressed in mills, in the fiscal year, including the state
11 equalization aid levy. The state treasurer shall distribute the amounts to municipalities in two equal
12 installments on December 31 and June 30 of the fiscal year."

13
14 **Section 13.** Section 20-9-501, MCA, is amended to read: .

15 **"20-9-501. Retirement fund.** (1) The trustees of a district employing personnel who are members
16 of the teachers' retirement system or the public employees' retirement system or who are covered by
17 unemployment insurance or who are covered by any federal social security system requiring employer
18 contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's
19 contributions to the systems. The district's contribution for each employee who is a member of the
20 teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The
21 district's contribution for each employee who is a member of the public employees' retirement system must
22 be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any
23 federal social security system must be paid in accordance with federal law and regulation. The district's
24 contribution for each employee who is covered by unemployment insurance must be paid in accordance
25 with Title 39, chapter 51, part 11.

26 (2) The trustees of a district required to make a contribution to a system referred to in subsection
27 (1) shall include in the retirement fund of the preliminary budget the estimated amount of the employer's
28 contribution. After the final retirement fund budget has been adopted, the trustees shall pay the employer
29 contributions to the systems in accordance with the financial administration provisions of this title.

30 (3) When the final retirement fund budget has been adopted, the county superintendent shall

1 establish the levy requirement by:

2 (a) determining the sum of the money available to reduce the retirement fund levy requirement by
3 adding:

4 (i) any anticipated money that may be realized in the retirement fund during the ensuing school
5 fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
6 61-3-504~~(2)~~, 61-3-521, 61-3-527, 61-3-537, section 32 33, and 67-3-204;

7 (ii) oil and natural gas production taxes;

8 (iii) anticipated local government severance tax payments for calendar year 1995 production as
9 provided in 15-36-325;

10 (iv) coal gross proceeds taxes under 15-23-703;

11 (v) any fund balance available for reappropriation as determined by subtracting the amount of the
12 end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school
13 fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund
14 operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school
15 fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under
16 the final retirement fund budget.

17 (vi) any other revenue anticipated that may be realized in the retirement fund during the ensuing
18 school fiscal year, excluding any guaranteed tax base aid.

19 (b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction
20 of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in
21 the final retirement fund budget.

22 (4) The county superintendent shall:

23 (a) total the net retirement fund levy requirements separately for all elementary school districts,
24 all high school districts, and all community college districts of the county, including any prorated joint
25 district or special education cooperative agreement levy requirements; and

26 (b) report each levy requirement to the county commissioners on the fourth Monday of August as
27 the respective county levy requirements for elementary district, high school district, and community college
28 district retirement funds.

29 (5) The county commissioners shall fix and set the county levy in accordance with 20-9-142.

30 (6) The net retirement fund levy requirement for a joint elementary district or a joint high school

1 district must be prorated to each county in which a part of the district is located in the same proportion as
2 the district ANB of the joint district is distributed by pupil residence in each county. The county
3 superintendents of the counties affected shall jointly determine the net retirement fund levy requirement
4 for each county as provided in 20-9-151.

5 (7) The net retirement fund levy requirement for districts that are members of special education
6 cooperative agreements must be prorated to each county in which the district is located in the same
7 proportion as the special education cooperative budget is prorated to the member school districts. The
8 county superintendents of the counties affected shall jointly determine the net retirement fund levy
9 requirement for each county in the same manner as provided in 20-9-151, and the county commissioners
10 shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.

11 (8) The county superintendent shall calculate the number of mills to be levied on the taxable
12 property in the county to finance the retirement fund net levy requirement by dividing the amount
13 determined in subsection (4)(a) by the sum of:

14 (a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as
15 certified by the superintendent of public instruction; and

16 (b) the taxable valuation of the district divided by 1,000."

17
18 **Section 14.** Section 20-10-144, MCA, is amended to read:

19 **"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund**
20 **budget.** Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent
21 shall compute the revenue available to finance the transportation fund budget of each district. The county
22 superintendent shall compute the revenue for each district on the following basis:

23 (1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate
24 schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

25 (a) the sum of the maximum reimbursable expenditures for all approved school bus routes
26 maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate
27 per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus
28 route approved by the county transportation committee and maintained by the district); plus

29 (b) the total of all individual transportation per diem reimbursement rates for the district as
30 determined from the contracts submitted by the district multiplied by the number of pupil-instruction days

1 scheduled for the ensuing school attendance year; plus

2 (c) any estimated costs for supervised home study or supervised correspondence study for the
3 ensuing school fiscal year; plus

4 (d) the amount budgeted on the preliminary budget for the contingency amount permitted in
5 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100,
6 whichever is larger, the contingency amount on the preliminary budget must be reduced to the limitation
7 amount and used in this determination of the schedule amount; plus

8 (e) any estimated costs for transporting a child out of district when the child has mandatory
9 approval to attend school in a district outside the district of residence.

10 (2) (a) The schedule amount determined in subsection (1) or the total preliminary transportation
11 fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county
12 revenue to be budgeted on the following basis:

13 (i) one-half is the budgeted state transportation reimbursement, except that the state transportation
14 reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be
15 50% of the schedule amount attributed to the transportation of special education pupils; and

16 (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the
17 manner provided in 20-10-146.

18 (b) When the district has a sufficient amount of cash for reappropriation and other sources of
19 district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero,
20 any remaining amount of district revenue and cash reappropriated must be used to reduce the county
21 financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to
22 reduce the state financial obligation in subsection (2)(a)(i).

23 (c) The county revenue requirement for a joint district, after the application of any district money
24 under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same
25 proportion as the ANB of the joint district is distributed by pupil residence in each county.

26 (3) The total of the money available for the reduction of property tax on the district for the
27 transportation fund must be determined by totaling:

28 (a) anticipated federal money received under the provisions of Title I of Public Law 81-874 or other
29 anticipated federal money received in lieu of that federal act;

30 (b) anticipated payments from other districts for providing school bus transportation services for

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1 the district;

2 (c) anticipated payments from a parent or guardian for providing school bus transportation services
3 for a child;

4 (d) anticipated or reappropriated interest to be earned by the investment of transportation fund
5 cash in accordance with the provisions of 20-9-213(4);

6 (e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517,
7 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32 33, and 67-3-204;

8 (f) anticipated revenue from coal gross proceeds under 15-23-703;

9 (g) anticipated oil and natural gas production taxes;

10 (h) anticipated local government severance tax payments for calendar year 1995 production;

11 (i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320
12 through 20-5-324;

13 (j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year
14 that may be used to finance the transportation fund; and

15 (k) any fund balance available for reappropriation as determined by subtracting the amount of the
16 end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school
17 fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating
18 reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year
19 and is for the purpose of paying transportation fund warrants issued by the district under the final
20 transportation fund budget.

21 (4) The district levy requirement for each district's transportation fund must be computed by:

22 (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary
23 transportation budget amount; and

24 (b) subtracting the amount of money available to reduce the property tax on the district, as
25 determined in subsection (3), from the amount determined in subsection (4)(a).

26 (5) The transportation fund levy requirements determined in subsection (4) for each district must
27 be reported to the county commissioners on the fourth Monday of August by the county superintendent
28 as the transportation fund levy requirements for the district, and the levy must be made by the county
29 commissioners in accordance with 20-9-142."

1 **Section 15.** Section 20-10-146, MCA, is amended to read:

2 **"20-10-146. County transportation reimbursement.** (1) The apportionment of the county
3 transportation reimbursement by the county superintendent for school bus transportation or individual
4 transportation that is actually rendered by a district in accordance with this title, board of public education
5 transportation policy, and the transportation rules of the superintendent of public instruction must be the
6 same as the state transportation reimbursement payment, except that:

7 (a) if any cash was used to reduce the budgeted county transportation reimbursement under the
8 provisions of 20-10-144(2)(b), the annual apportionment is limited to the budget amount;

9 (b) when the county transportation reimbursement for a school bus has been prorated between two
10 or more counties because the school bus is conveying pupils of more than one district located in the
11 counties, the apportionment of the county transportation reimbursement must be adjusted to pay the
12 amount computed under the proration; and

13 (c) when county transportation reimbursement is required under the mandatory attendance
14 agreement provisions of 20-5-321.

15 (2) The county transportation net levy requirement for the financing of the county transportation
16 fund reimbursements to districts is computed by:

17 (a) totaling the net requirement for all districts of the county, including reimbursements to a special
18 education cooperative or prorated reimbursements to joint districts or reimbursements under the mandatory
19 attendance agreement provisions of 20-5-321;

20 (b) determining the sum of the money available to reduce the county transportation net levy
21 requirement by adding:

22 (i) anticipated money that may be realized in the county transportation fund during the ensuing
23 school fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517,
24 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32-33, and 67-3-204;

25 (ii) oil and natural gas production taxes;

26 (iii) anticipated local government severance tax payments for calendar year 1995 production;

27 (iv) coal gross proceeds taxes under 15-23-703;

28 (v) any fund balance available for reappropriation from the end-of-the-year fund balance in the
29 county transportation fund;

30 (vi) federal forest reserve funds allocated under the provisions of 17-3-213; and

(vii) other revenue anticipated that may be realized in the county transportation fund during the ensuing school fiscal year; and

(c) subtracting the money available, as determined in subsection (2)(b), to reduce the levy requirement from the county transportation net levy requirement.

(3) The net levy requirement determined in subsection (2)(c) must be reported to the county commissioners on the fourth Monday of August by the county superintendent, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) The county superintendent shall apportion the county transportation reimbursement from the proceeds of the county transportation fund. The county superintendent shall order the county treasurer to make the apportionments in accordance with 20-9-212(2) and after the receipt of the semiannual state transportation reimbursement payments."

NEW SECTION. **Section 16. Light vehicle.** "Light vehicle" means a motor vehicle commonly referred to as an automobile, van, sport utility vehicle, or truck having a manufacturer's rated capacity of 1 ton or less.

NEW SECTION. **Section 17. Sport utility vehicle.** "Sport utility vehicle" means a light vehicle designed to transport 10 or fewer persons that is constructed on a truck chassis or that has special features for occasional off-road use. The term does not include trucks having a manufacturer's rated capacity of 1 ton or less.

Section 18. Section 61-3-101, MCA, is amended to read:

"61-3-101. Duties of department -- records. (1) The department shall keep a record as specified in this section of all motor vehicles, trailers, and semitrailers of every kind, ~~and~~ of certificates of registration and ownership of those vehicles, and of all manufacturers and dealers in motor vehicles.

(2) The record must show the following:

(a) name of owner, residence address by street or rural route, town, and county, and mailing address if different than residence address;

(b) name and address of conditional sales vendor, mortgagee, or other lienholder and amount due under contract or lien;

1 (c) manufacturer of vehicle;

2 (d) manufacturer's designation of style of vehicle;

3 (e) identifying number;

4 (f) year of manufacture;

5 (g) character of motive power and shipping weight of vehicle as shown by the manufacturer;

6 (h) the distinctive license number assigned to the vehicle, if any;

7 (i) if a truck or trailer, the number of tons' capacity or GVW if imprinted on manufacturer's
8 identification plate;

9 (j) except as provided in 61-3-103, the name and complete address of any holder of a perfected
10 security interest in the vehicle; and

11 (k) other information that may from time to time be found desirable.

12 (3) The department shall file applications for registration received by it from ~~the~~ county treasurers
13 ~~of the state~~ and register the vehicles and the vehicle owners as follows:

14 (a) under the distinctive license number assigned to the vehicle by the county treasurer;

15 (b) alphabetically under the name of the owner;

16 (c) numerically under make and identifying number of the vehicle; and

17 (d) ~~other~~ another index of registration as the department considers expedient.

18 (4) The department shall determine the amount of motor vehicle taxes and fees to be collected at
19 the time of registration for each light vehicle subject to tax under 61-3-503 and for each bus, truck having
20 a manufacturer's rated capacity of more than 1 ton, and truck tractors subject to a fee in lieu of tax under
21 [sections ~~31~~ 32 and ~~32~~ 33]. The county treasurer shall collect the taxes and fees on each motor vehicle
22 at the time of its registration.

23 (5) Vehicle registration records and indexes and driver's license records and indexes may be
24 maintained by electronic recording and storage media.

25 ~~(6)~~ (6) In the case of dealers, the records must show the information contained in the application
26 for a dealer's license as required by 61-4-101 through 61-4-105, as well as the distinctive license number
27 assigned to the dealer.

28 ~~(6)~~ (7) In order to prevent an accumulation of unneeded records and files, regardless of any other
29 statutory requirements, the department may destroy all records and files that relate to vehicles that have
30 not been registered within the preceding 4 years and that do not have an active lien.

1 ~~(7)~~(8) All records must be open to inspection during all reasonable business hours, and the
2 department shall furnish any information from the records upon payment by the applicant of the cost of the
3 information requested. Prior to providing the information, the department may require the applicant to
4 provide identification. However, the department may, by rule, reasonably restrict disclosure of information
5 on an owner or the owner's vehicle if the owner has requested in writing that the department not disclose
6 the information."

7
8 **Section 19.** Section 61-3-208, MCA, is amended to read:

9 **"61-3-208. Affidavit and bond for certificate.** (1) If an applicant for a ~~motor~~ vehicle certificate of
10 title cannot provide the department with a certificate of title transferred to the applicant, the department
11 may issue a certificate of title for the vehicle if the applicant furnishes an affidavit in a form prescribed by
12 the department.

13 (2) The affidavit must be signed and sworn to before an officer authorized to administer oaths and
14 affirmations. The affidavit must accompany the application for the certificate of title and include:

15 (a) the facts and circumstances through which the applicant acquired ownership and possession
16 of the ~~motor~~ vehicle;

17 (b) information as required by the department to enable it to determine what security interests,
18 liens, and encumbrances ~~against the motor vehicle~~, if any, are outstanding against the ~~motor~~ vehicle;

19 (c) the date and the amount secured by the security interests, liens, and encumbrances, if any; and

20 (d) a statement that the applicant has the right to have a certificate of title issued.

21 (3) If after examination of the application, affidavit, and any other evidence the department
22 determines that a certificate of title for the ~~motor~~ vehicle should be issued to the applicant, the department
23 shall require the applicant to file with the department a good and sufficient bond before issuing the
24 certificate of title. The bond must be:

25 (a) in an amount equal to the average trade-in or wholesale value of the ~~motor~~ vehicle as
26 determined ~~under the provisions of 61-3-503(1)(c)~~ by the applicable national appraisal guide for the vehicle
27 as of January 1 for the year in which the application for certificate of title is made; When a national
28 appraisal guide is not available for a vehicle, the department shall determine an alternative value for the
29 vehicle.

30 (b) conditioned to indemnify a prior owner, lienholder, subsequent purchaser, secured creditor, or

encumbrancer of the motor vehicle; and any respective successors in interest, against expenses, losses, or damages caused by the issuance of the certificate or by a defect in or undisclosed security interest upon the right, title, and interest of the applicant in the ~~motor~~ vehicle; and

(c) issued by a surety company authorized to do business in the state.

(4) Any interested person has a right of action to recover on the bond for a breach of its conditions, but the aggregate liability of the surety to all persons may not exceed the amount of the bond.

(5) Unless the department has been notified of a pending action to recover the bond, the department shall return the bond at the earlier of:

(a) 3 years from the date of issuance of the certificate of title; or

(b) the date of surrender of the valid certificate of title to the department if the vehicle is no longer registered in this state."

Section 20. Section 61-3-303, MCA, is amended to read:

"61-3-303. Application for registration. (1) Each owner of a motor vehicle operated or driven upon the public highways of this state shall for each motor vehicle owned, except as otherwise provided in this section, file or cause to be filed in the office of the county treasurer where the owner permanently resides at the time of making the application or, if the vehicle is owned by a corporation or used primarily for commercial purposes, in the taxing jurisdiction of the county where the vehicle is permanently assigned, an application for registration or reregistration ~~upon a blank on a form to be prepared and furnished~~ prescribed by the department. The application must contain:

(a) the name and address of the owner, giving the county, school district, and town or city within whose corporate limits the motor vehicle is taxable, if taxable, or within whose corporate limits the owner's residence is located if the motor vehicle is not taxable;

(b) the name and address of the holder of any security interest in the motor vehicle;

(c) a description of the motor vehicle, including make, year model, engine or serial number, manufacturer's model or letter, gross weight, declared weight on all trucks for which the manufacturer's rated capacity is 1 ton or less, and type of body and, if a truck, the manufacturer's rated capacity;

(d) the declared weight on all trailers operating intrastate, except travel trailers or trailers and semitrailers registered as provided in 61-3-711 through 61-3-733; and

(e) other information that the department may require.

(2) A person who files an application for registration or reregistration of a motor vehicle, except of a mobile home as defined in 15-1-101(1), shall upon the filing of the application pay to the county treasurer:

(a) the registration fee, as provided in 61-3-311 and 61-3-321 or 61-3-456; and

(b) except as provided in 61-3-456 or unless it has been previously paid:

(i) the ~~personal property~~ motor vehicle taxes or fees in lieu of tax assessed or imposed against the vehicle for the current year of registration and the immediately previous year; or

(ii) the new motor vehicle sales tax against the vehicle for the current year of registration.

(3) The application may not be accepted by the county treasurer unless the payments required by subsection (2) accompany the application. The department ~~of revenue~~ may not assess or impose and the county treasurer may not collect taxes or fees for a period other than:

(a) the current year; and

(b) the immediately previous year if the vehicle was not registered or operated on the highways of the state, regardless of the period of time since the vehicle was previously registered or operated.

(4) The department ~~of revenue~~ may make full and complete investigation of the tax status of the vehicle. An applicant for registration or reregistration shall submit proof from the tax or other appropriate records of the proper county at the request of the department ~~of revenue~~."

Section 21. Section 61-3-456, MCA, is amended to read:

"61-3-456. Registration of motor vehicle owned and operated by Montana resident on active military duty stationed outside Montana. (1) An owner of a motor vehicle who is a Montana resident on active military duty and stationed outside Montana may file with the department an application for the registration of the motor vehicle. The application must be sworn to before an officer authorized to administer oaths. The application must state:

(a) the name and address of the owner;

(b) the make, the gross weight, the year and number of the model, and the manufacturer's identification number and serial number of the motor vehicle; and

(c) that the vehicle is owned and operated by a Montana resident who is on active military duty and stationed outside Montana.

(2) The registration fee for a motor vehicle registered under subsection (1) is as provided in

61-3-311 and 61-3-321.

(3) A vehicle registered under this section is not subject to:

(a) the taxes described in 61-3-303(2)(b);

(b) assessment under 15-8-202 or 61-3-503 or the fee in lieu of tax under [section 32 33]; or

(c) any of the fees provided in part 5 of this chapter."

Section 22. Section 61-3-501, MCA, is amended to read:

"61-3-501. When vehicle taxes and fees are due. (1) ~~Property~~ Motor vehicle taxes, fees in lieu of tax, new car taxes, and fees must be paid on the date of registration or reregistration of the vehicle.

(2) If the anniversary date for reregistration of a vehicle passes while the vehicle is owned and held for sale by a licensed new or used car dealer, ~~property motor vehicle~~ taxes or fees in lieu of tax abate on ~~such the~~ vehicle properly reported with the ~~department of revenue~~ county treasurer until the vehicle is sold ~~and thereafter.~~ After the sale, the purchaser shall pay the pro rata balance of the taxes or fees in lieu of tax due and owing on the vehicle.

(3) In the event that a vehicle's registration period is changed under 61-3-315, all taxes or fees in lieu of tax and other fees due ~~thereon shall~~ must be prorated and paid from the last day of the old period until the first day of the new period in which the vehicle ~~shall be~~ is registered. ~~Thereafter~~ The taxes or fees in lieu of tax and other fees must be paid from the first day of the new period for a minimum period of 1 year. When the change is to a later registration period, taxes and fees ~~shall~~ must be prorated and paid based on the same tax year as the original registration period. Thereafter, during the appropriate anniversary registration period, each vehicle ~~shall~~ must again ~~register or reregister~~ be registered or reregistered and ~~shall pay~~ all taxes and fees ~~due thereon~~ must be paid for a 12-month period."

Section 23. Section 61-3-503, MCA, is amended to read:

"61-3-503. Assessment. (1) Except as provided in 61-3-520 and subsection ~~(2)~~ (4) of this section, the following apply to the taxation of motor vehicles:

~~(a) Except as provided in subsections (1)(c) through (1)(e), a person who files an application for registration or reregistration of a motor vehicle shall before filing the application with the county treasurer submit the application to the department of revenue. The department of revenue shall enter on the application in a space to be provided for that purpose the market value and taxable value of the vehicle as~~

1 ~~of January 1 of the year for which the application for registration is made.~~

2 ~~(b) Except as provided in subsection (1)(c), motor vehicles are assessed for taxes on January 1 in~~
3 ~~each year irrespective of the time fixed by law for the assessment of other classes of personal property and~~
4 ~~irrespective of whether the levy and tax may be a lien upon real property within the state. A motor vehicle~~
5 ~~is not subject to assessment, levy, and taxation more than once in each year.~~

6 ~~(c)(a) Vehicles subject to the provisions of 61-3-313 through 61-3-316 must be assessed as of the~~
7 ~~first day of the registration period, using the average trade-in or wholesale value as of January 1 of the year~~
8 ~~of assessment of the vehicle as contained in the most recent volume of the Mountain States Edition of the~~
9 ~~National Automobile Dealers Association (N.A.D.A.) Official Used Car Guide, the National Edition of~~
10 ~~N.A.D.A. Appraisal Guides Official Older Used Car Guide, or another nationally published used vehicle or~~
11 ~~appraisal guide approved by the department of revenue or, for a vehicle that was never listed in any edition~~
12 ~~of the preceding guides, the retail value of the vehicle as determined by the department of revenue, and~~
13 ~~depreciated 10% a year until a value of \$500 is reached, not including additions or deductions for options~~
14 ~~and mileage but including additions or deductions, whether or not one of the preceding guides is used, for~~
15 ~~diesel engines; and a depreciated value of the manufacturer's suggested retail price as determined in~~
16 ~~subsection (2).~~

17 ~~(b) A lien for taxes and fees due on the vehicle occurs on the anniversary date of the registration~~
18 ~~and continues until the fees and taxes have been paid. If the depreciated value shown in any of the~~
19 ~~appraisal guides listed in this section is less than \$500, the department shall value the vehicle at \$500.~~

20 ~~(d) Quadricycles must be assessed, using the greater of the following:~~

21 ~~(i) \$250; or~~

22 ~~(ii) the average trade-in or wholesale value as of January 1 of the year of assessment of the vehicle~~
23 ~~as contained in the most recent volume of the applicable National Edition of the N.A.D.A.~~
24 ~~Motorcycle/Moped/ATV Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal Guide or another~~
25 ~~nationally published used vehicle or appraisal guide approved by the department of revenue, not including~~
26 ~~additions or deductions for options and mileage.~~

27 ~~(e) If a vehicle assessed under subsection (1)(c) or (1)(d) is not originally listed in the applicable~~
28 ~~N.A.D.A. guide or other approved guide, the department of revenue shall depreciate the original f.o.b.~~
29 ~~factory list price, f.o.b. port of entry list price, or the manufacturer's suggested list price, using the~~
30 ~~following methods:~~

~~(i) if the new car sales tax has been previously paid and the vehicle is less than 1 year in age, the depreciation percentage is 20%; or~~

~~(ii) if the vehicle is 1 year or older in age and it is not listed in any of the appraisal guides listed in this section, the department of revenue shall determine the depreciation percentage to approximate the average wholesale or trade-in values in the current N.A.D.A. guides or other approved guides referred to in this subsection (1). For purposes of this subsection (1), the age of the vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year of assessment.~~

~~(f) When a minimum value of \$500 is reached, the value must remain at that minimum as long as the vehicle is registered.~~

~~(g) If a previously registered vehicle is no longer listed in the applicable N.A.D.A. guide or other approved guide, the department of revenue shall depreciate the value of the vehicle at the rate of 10% a year until a minimum amount of \$500 is attained, and the value must remain at that amount as long as the vehicle is registered.~~

(2) (a) Except as provided in subsections (2)(c) and (2)(d), the depreciated value for the taxation of light vehicles is computed by multiplying the manufacturer's suggested retail price by a percentage multiplier based on the type and age of the vehicle determined from the following table:

<u>Age of Vehicle</u>	<u>Type of Vehicle</u>			
<u>(in years)</u>	<u>Automobile</u>	<u>Truck</u>	<u>Van</u>	<u>Sport Utility</u>
<u>-1</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>0</u>	<u>90</u>	<u>96</u>	<u>93</u>	<u>98</u>
<u>1</u>	<u>80</u>	<u>91</u>	<u>86</u>	<u>94</u>
<u>2</u>	<u>69</u>	<u>86</u>	<u>78</u>	<u>90</u>
<u>3</u>	<u>58</u>	<u>80</u>	<u>69</u>	<u>84</u>
<u>4</u>	<u>49</u>	<u>73</u>	<u>60</u>	<u>76</u>
<u>5</u>	<u>41</u>	<u>66</u>	<u>52</u>	<u>67</u>
<u>6</u>	<u>33</u>	<u>57</u>	<u>45</u>	<u>57</u>
<u>7</u>	<u>26</u>	<u>49</u>	<u>38</u>	<u>48</u>
<u>8</u>	<u>21</u>	<u>43</u>	<u>32</u>	<u>39</u>
<u>9</u>	<u>17</u>	<u>37</u>	<u>27</u>	<u>33</u>
<u>10</u>	<u>14</u>	<u>31</u>	<u>22</u>	<u>29</u>

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1	<u>11</u>	<u>12</u>	<u>26</u>	<u>18</u>	<u>25</u>
2	<u>12</u>	<u>10</u>	<u>22</u>	<u>15</u>	<u>22</u>
3	<u>13</u>	<u>09</u>	<u>18</u>	<u>13</u>	<u>21</u>
4	<u>14</u>	<u>09</u>	<u>15</u>	<u>11</u>	<u>19</u>
5	<u>15</u>	<u>09</u>	<u>13</u>	<u>09</u>	<u>17</u>
6	<u>16</u>	<u>09</u>	<u>12</u>	<u>09</u>	<u>15</u>

(b) The age for the light vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year for which the tax is due.

(c) If the value of the vehicle determined under subsection (2)(a) is \$500 or less, the value of the vehicle is \$500 and the value must remain at that amount as long as the vehicle is registered.

(d) The depreciated value of a light vehicle that is 17 years old or older is computed by depreciating the value obtained for the vehicle at 16 years old as determined under subsection (2)(a) by 10% a year until a minimum value of \$500 is attained. The value must remain at that amount as long as the vehicle is registered.

(3) (a) For the purposes of this section, "manufacturer's suggested retail price" means the price suggested by the manufacturer for each given type, style, or model of light vehicle produced and first made available for retail sale by the manufacturer.

(b) The manufacturer's suggested retail price is based on standard equipment of a vehicle and does not contain price additions or deductions for optional accessories.

(c) When a manufacturer's suggested retail price is unavailable for a motor vehicle, the department shall determine an alternative valuation for the vehicle.

~~(2)(4)~~ The provisions of subsections (1)(a) (1) through (1)(g) (3) do not apply to buses, trucks having a manufacturer's rated capacity of more than 1 ton, truck tractors, motorcycles, motor homes, quadricycles, travel trailers, campers, or mobile homes as defined in 15-1-101(1)."

Section 24. Section 61-3-504, MCA, is amended to read:

"61-3-504. Computation of tax. (1) ~~The amount of taxes on a motor light vehicle, other than an automobile, truck having a rated capacity of 1 ton or less, motorcycle, quadricycle, motor home, travel trailer, camper, or mobile home, is computed and determined by the county treasurer on the basis of the levy of the year preceding the current year of application for registration or reregistration.~~

~~(2) The amount of tax on an automobile or truck having a rated capacity of 1 ton or less, except for vehicles registered under 61-3-456 or owned by disabled veterans qualifying for special license plates under 61-3-332(10)(c)(i)(A) or 61-3-426(2), and on a quadricycle is 2% of the value determined under 61-3-503.~~

~~(3)(2)~~ The amount of tax on fleet vehicles subject to the provisions of 61-3-318 is 1% of the value determined under 61-3-503.

~~(4) For all taxable motor vehicles, the amount of tax is entered on the application form in a space provided for that purpose."~~

Section 25. Section 61-3-506, MCA, is amended to read:

"61-3-506. Rules. (1) The department of revenue shall adopt rules for the payment of property taxes and the department of transportation shall adopt rules for the payment of new car taxes under the provisions of 61-3-313 through 61-3-316, 61-3-501, and 61-3-520. The department of revenue may adopt rules for the proration of taxes for the implementation and administration of 61-3-313 through 61-3-316, 61-3-501, and 61-3-520, but shall specifically provide that new car taxes shall be for a 12-month period

(2) The department of justice may adopt rules:

(a) for the assessment and collection of taxes and fees on light vehicles, INCLUDING THE PRORATION OF TAXES UNDER 61-3-520; and

(b) for the imposition and collection of fees in lieu of tax, INCLUDING THE PRORATION OF FEES IN LIEU OF TAX UNDER 61-3-520, on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including criteria for determining the vehicle's age and manufacturer's rated capacity."

Section 26. Section 61-3-507, MCA, is amended to read:

"61-3-507. Exemption. ~~(1) A motor vehicle subject to anniversary date registration as provided in 61-3-313 through 61-3-316 is exempt from the provisions of 61-3-503(1)(b).~~

~~(2)~~ A vehicle that is exempt from taxation under 15-6-215 or subject to the provisions of 61-3-520 is exempt from all other taxes and fees generally imposed on a vehicle by this part."

Section 27. Section 61-3-509, MCA, is amended to read:

1 **"61-3-509. Disposition of taxes.** (1) Except as provided in subsection (2), the county treasurer
2 shall, after deducting the district court fee, credit all taxes on motor vehicles and fees in lieu of tax on
3 motorcycles, quadricycles, motor homes, travel trailers, ~~and~~ campers, buses, trucks having a
4 manufacturer's rated capacity of more than 1 ton, and truck tractors collected under 61-3-504, 61-3-521,
5 61-3-527, ~~and~~ 61-3-537, and [section 32 33] to a motor vehicle suspense fund, ~~and at~~. At some time
6 between March 1 and March 10 of each year and every 60 days after that date, the county treasurer shall
7 distribute the money in the motor vehicle suspense fund in the relative proportions required by the levies
8 for state, county, school district, and municipal purposes in the same manner as personal property taxes
9 are distributed.

10 (2) The county treasurer shall deduct as a district court fee 7% of the amount of the 2% tax
11 collected on ~~an automobile or truck having a rated capacity of 1 ton or less~~ light vehicles. The county
12 treasurer shall credit the fee for district courts to a separate suspense account and shall forward the amount
13 in the account to the state treasurer at the time that the county treasurer distributes money from the motor
14 vehicle suspense fund. The state treasurer shall credit amounts received under this subsection to the
15 general fund to be used for purposes of state funding of ~~the~~ district court expenses as provided in
16 3-5-901."

17
18 **SECTION 28. SECTION 61-3-520, MCA, IS AMENDED TO READ:**

19 **"61-3-520. ~~Taxation of~~ Taxes and fees on vehicles used exclusively in filming motion pictures or**
20 **television commercials.** (1) A vehicle used exclusively in the filming of motion pictures or television
21 commercials that has been in the state for a period exceeding 180 consecutive days in a calendar year ~~must~~
22 ~~be assessed~~ is subject to assessment or a fee in lieu of tax as if the vehicle were not used exclusively for
23 filming motion pictures or television commercials, but the assessment or fee in lieu of tax must be prorated
24 as provided in subsection (2).

25 (2) The taxes assessed or the fees in lieu of tax imposed under subsection (1) must be prorated
26 by dividing the number of days in excess of 180 consecutive days in the calendar year by 365.

27 (3) (a) Taxes on a vehicle imposed pursuant to this section must be collected as provided in Title
28 15, chapter 16, part 1, for the collection of personal property taxes generally.

29 (b) Fees on a vehicle imposed pursuant to this section must be collected as provided in this
30 chapter."

1 **Section 29.** Section 61-3-527, MCA, is amended to read:

2 **"61-3-527. Fee in lieu of tax for motorcycles and quadricycles -- schedule of fees.** (1) (a) There
3 is a fee in lieu of property tax imposed on motorcycles and quadricycles. The fee is in addition to annual
4 registration fees.

5 (b) The fee imposed by subsection (1)(a) ~~need~~ is not required to be paid by a dealer for motorcycles
6 or quadricycles that constitute inventory of the dealership.

7 (2) The owner of a motorcycle or quadricycle shall pay a fee based on the age of the motorcycle
8 or quadricycle and the size of the engine, as follows:

9 (a) The fee schedule for a motorcycle or quadricycle with an engine that measures from 1 cubic
10 centimeter to 600 cubic centimeters is as follows:

- 11 (i) less than 2 years old, \$30;
12 (ii) 2 years old and less than 5 years old, \$25;
13 (iii) 5 years old and less than 11 years old, \$15; and
14 (iv) 11 years old and older, \$10.

15 (b) The fee schedule for a motorcycle or quadricycle with an engine that measures from 601 cubic
16 centimeters to 1,000 cubic centimeters is as follows:

- 17 (i) less than 2 years old, \$70;
18 (ii) 2 years old and less than 5 years old, \$55;
19 (iii) 5 years old and less than 11 years old, \$40; and
20 (iv) 11 years old and older, \$30.

21 (c) The fee schedule for a motorcycle or quadricycle with an engine that measures 1,001 cubic
22 centimeters and larger is as follows:

- 23 (i) less than 2 years old, \$110;
24 (ii) 2 years old and less than 5 years old, \$90;
25 (iii) 5 years old and less than 11 years old, \$65; and
26 (iv) 11 years old and older, \$40.

27 (d) The age of a motorcycle or quadricycle is determined by subtracting the manufacturer's
28 designated model year from the current calendar year."

29
30 **Section 30.** Section 61-3-535, MCA, is amended to read:

1 **"61-3-535. Vehicle reregistration by mail -- ~~renewal cards reminder notice~~ and reregistration notice**
2 **by mail.** (1) ~~Except as provided in subsection (2), an owner of the following types of motor vehicles may~~
3 ~~reregister by mail:~~

4 ~~(a) light vehicles, quadricycles, and other vehicles subject to tax under 61-3-504(2); and~~
5 ~~(b) motoreycles, travel trailers, campers, and motor homes subject to a fee in lieu of tax under~~
6 ~~61-3-521 and 61-3-527.~~

7 ~~(2) The option to reregister by mail need only be made available for vehicles, motor homes, and~~
8 ~~travel trailers registered at the close of the expiring registration period in the name of the applicant for~~
9 ~~reregistration and only if~~ The department may allow the owner of a motor vehicle to renew the registration
10 of a vehicle by mail when the value, age, length, weight, or other criteria used to determine the tax or fee
11 for a particular type of vehicle is available to the department by electronic means.

12 ~~(3)(2) The department shall develop a procedure to facilitate the reregistration by mail of the~~
13 ~~vehicles listed in subsection (1). The~~ Any mail reregistration procedure developed by the department must
14 include a procedure to facilitate automated handling of mail reregistration or recertification.

15 ~~(4) The procedure implemented by the department to permit reregistration or camper decal~~
16 ~~application by mail must~~ and must provide for a written reminder notice by mail to a vehicle owner of the
17 requirement to reregister the owner's vehicle with the county treasurer or to apply for the annual camper
18 decal.

19 ~~(5)(3) The department shall adopt rules to implement the mail reregistration and decal application~~
20 ~~procedure."~~

21
22 **Section 31.** Section 61-3-537, MCA, is amended to read:

23 **"61-3-537. (Temporary) Local option vehicle tax.** (1) A county may impose a local vehicle tax on
24 vehicles subject to a ~~property~~ tax under 61-3-504(2) at a rate of up to 0.5% of the value determined under
25 61-3-503, in addition to the tax imposed under 61-3-504(2).

26 (2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed
27 under 61-3-504(2). The first priority of the local vehicle tax is for district court funding, and the tax is
28 distributed as follows:

29 (a) 50% to the county; and

30 (b) the remaining 50% to the county and the incorporated cities and towns within the county,

1 apportioned on the basis of population. The distribution to a city or town is determined by multiplying the
2 amount of money available by the ratio of the population of the city or town to the total county population.
3 The distribution to the county is determined by multiplying the amount of money available by the ratio of
4 the population of unincorporated areas within the county to the total county population.

5 (3) The governing body of a county may impose, revise, or revoke a local vehicle tax by adopting
6 a resolution before July 1, after conducting a public hearing on the proposed resolution. The resolution may
7 provide for the distribution of the local vehicle tax. (Terminates June 30, 2005--sec. 2, 3, Ch. 217, L.
8 1995.)

9 **61-3-537. (Effective July 1, 2005) Local option vehicle tax.** (1) A county may impose a local
10 vehicle tax on vehicles subject to a ~~property~~ tax under 61-3-504(2) at a rate of up to 0.5% of the value
11 determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).

12 (2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed
13 under 61-3-504(2) and is distributed in the same manner, based on the registration address of the owner
14 of the motor vehicle.

15 (3) The governing body of a county may impose, revise, or revoke a local vehicle tax by adopting
16 a resolution before July 1, after conducting a public hearing on the proposed resolution."
17

18 **NEW SECTION. Section 32. Definitions.** As used in [section ~~32~~ 33] and this section, unless the
19 context requires otherwise, the following definitions apply:

20 (1) "Bus" has the same meaning as provided in 61-1-115.

21 (2) "Manufacturer's rated gross combined weight" means the manufacturer's published weight of
22 the allowable load for a truck tractor and trailer combined and includes the weight of the truck tractor and
23 the trailer.

24 (3) "Manufacturer's rated gross vehicle weight" means the manufacturer's published weight of the
25 allowable load for a truck and includes the weight of the truck.

26 (4) "Truck" means a motor vehicle designed to carry an entire load. The truck may consist of a
27 chassis and body or a chassis-cab and body or it may be of unitized construction so that the body and cab
28 appear to be a single unit.

29 (5) "Truck tractor" has the same meaning as provided in 61-1-108.
30

NEW SECTION. Section 33. Schedule of fees for buses, motor vehicles having rated capacity of more than 1 ton, and truck tractors -- proration -- EXEMPTION. (1) (a) There is a fee in lieu of property tax imposed on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors. The fee is in addition to annual registration fees.

(b) The fee imposed by subsection (1)(a) is not required to be paid by a dealer of buses, trucks, or truck tractors that constitute inventory of the dealership.

(2) Subject to the conditions of subsection (4), the owner of a bus, truck with a manufacturer's rated capacity of more than 1 ton, or truck tractor shall pay a fee in lieu of tax based on the age and manufacturer's rated capacity of the vehicle according to the following schedule:

Age of Vehicle (in years)	Rated Capacity (in pounds)			
	16,999 or less	17,000-26,999	27,000-54,999	55,000 or more
1 or less	\$234	\$334	\$568	\$750
2	218	300	500	600
3	200	268	440	532
4	184	234	368	484
5	166	218	320	390
6	150	200	268	334
7	132	182	234	294
8	116	166	200	250
9	100	150	184	218
10	82	116	158	184
11-12	66	100	134	152
13-14	56	74	104	122
15-16	50	60	76	94
17-18	36	52	58	72
19-20	26	38	44	52
21 or more	20	24	32	40

(3) The age of the vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year for which the fee in lieu of tax is due.

(4) (a) The manufacturer's rated capacity for a bus or truck with a manufacturer's rated capacity

of more than 1 ton is the manufacturer's rated gross vehicle weight.

(b) The manufacturer's rated capacity for a truck tractor is the manufacturer's rated gross combined weight.

(5) A MOTOR VEHICLE BROUGHT INTO THE STATE OR OTHERWISE USED FOR THE EXCLUSIVE PURPOSE OF FILMING MOTION PICTURES OR TELEVISION COMMERCIALS IS EXEMPT FROM THE FEE IN LIEU OF TAX IF THE VEHICLE DOES NOT REMAIN IN THE STATE FOR A PERIOD IN EXCESS OF 180 CONSECUTIVE DAYS IN A CALENDAR YEAR.

~~(5)(6)~~ THE EXCEPT AS PROVIDED IN 61-3-520, THE fee in lieu of tax on a vehicle subject to this section that is brought or driven into this state by a nonresident person for hire, compensation, or profit must be prorated according to the ratio that the remaining number of months in the year bears to the total number of months in the year.

~~(6)(7)~~ (a) The fee in lieu of tax on a vehicle subject to this section that is registered in the state for the first time must be prorated as provided in subsection ~~(5)~~ (6).

(b) The fee in lieu of tax on a vehicle subject to this section that is reregistered in the state is for a full year.

~~(7)(8)~~ The fee in lieu of tax may not be refunded.

NEW SECTION. Section 34. Assessment of proportionally registered interstate motor vehicle fleets
-- payment of tax or fee in lieu of tax required for registration. (1) (a) Except as provided in subsection (2), the department of transportation shall determine the fee for the purpose of imposing the fee in lieu of tax as provided in [sections ~~31~~ 32 and ~~32~~ 33] on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, in interstate motor vehicle fleets that are proportionally registered under the provisions of 61-3-711 through 61-3-733. The fee must be apportioned on the ratio of total miles traveled to in-state miles traveled as prescribed by 61-3-721. The fee in lieu of tax on interstate motor vehicle fleets is imposed upon application for proportional registration and must be paid by the persons who own or claim the fleet or in whose possession or control the fleet is at the time of the application.

(b) With respect to an original application for a fleet that has a situs in Montana for the purpose of the fee in lieu of tax under this part or any other provision of the laws of Montana, the fee in lieu of tax on fleet vehicles must be prorated according to the ratio that the remaining number of months in the year bears to the total number of months in the year.

(2) For the purpose of taxation, the department of transportation shall assess light vehicles, as defined in [section 16], that are part of an interstate motor vehicle fleet as follows:

(a) The value of each vehicle is determined in the same manner as provided in 61-3-503.

(b) The value determined under subsection (2)(a) multiplied by the percent of miles traveled in Montana, as prescribed by 61-3-721, is the market value.

(c) The sum of the market value of all vehicles subject to tax under this subsection (2) multiplied by 2% is the tax for the entire fleet.

(d) With respect to an original application for a fleet that has a situs in Montana for the purpose of taxation under this part or any other provision of the laws of Montana, the taxes on taxable vehicles are determined as provided in subsection (2)(b).

(e) Vehicles taxed as part of a fleet under this subsection (2) are not subject to the local option tax imposed under 61-3-537.

(3) With respect to a renewal application for a fleet, taxable vehicles are assessed and taxed for a full year and for all other vehicles the fee in lieu of tax is imposed for a full year.

(4) Vehicles contained in a fleet for which current taxes or fees, or both, have been assessed and paid may not be assessed or charged fees under this section upon presentation to the department of proof of payment of taxes, fees, or both for the current registration year. The payment of fleet vehicle taxes, fees in lieu of tax, and license fees is a condition precedent to proportional registration or reregistration of an interstate motor vehicle fleet.

(5) All taxes and fees collected on motor vehicle fleets under this chapter must be deposited and distributed as provided in [section ~~35~~ 36].

NEW SECTION. Section 35. Situs in state of proportionally registered fleets -- collection of taxes and fees. (1) For the purposes of this part, any vehicle previously registered or that has had application for registration made under the provisions of 61-3-711 through 61-3-733 has a situs in Montana for the purposes of taxation or the fee in lieu of tax.

(2) The department of transportation shall collect the fleet vehicle taxes, the fees in lieu of tax, and license fees prescribed in this part.

NEW SECTION. Section 36. Deposit and distribution of taxes and fees on proportionally registered

fleets. The taxes, fees in lieu of tax, and license fees collected under this part must be deposited with the state treasurer for distribution to the general fund of each county on the following basis:

(1) for fleet vehicle taxes and fees in lieu of tax, according to the ratio of the taxable valuation of each county to the total state taxable valuation; and

(2) for fleet vehicle license fees, according to the ratio of vehicle license fees, other than fees derived from interstate motor vehicle fleets, collected in each county to the sum of all fleet vehicle fees collected in all the counties.

Section 37. Section 61-3-701, MCA, is amended to read:

"61-3-701. Foreign vehicles used in gainful occupation to be registered -- reciprocity. (1) Before ~~any~~ a foreign licensed motor vehicle may be operated on the highways of this state for hire, compensation, or profit or before the owner ~~and/or~~ or user ~~thereof~~ of the vehicle uses the vehicle if ~~such~~ the owner ~~and/or~~ or user is engaged in gainful occupation or business enterprise in the state, including highway work, the owner of the vehicle shall ~~make application~~ apply to a county treasurer for registration upon an application form furnished by the department. Upon satisfactory evidence of ownership submitted to the county treasurer and the payment of ~~property~~ motor vehicle taxes or fees in lieu of taxes, if appropriate, as required by 15-8-201, 15-8-202, 15-24-301, 61-3-504, ~~or~~ 61-3-537, or [section 32 33], the treasurer shall accept the application for registration and shall collect the regular license fee required for the vehicle.

(2) ~~The~~ Upon payment of the fees or taxes, the treasurer shall ~~thereupon~~ issue to the applicant a copy of the certificate entitled "Owner's Certificate of Registration and Payment Receipt" and forward a duplicate copy of the certificate to the department. The treasurer shall at the same time issue to the applicant the proper license plates or other identification markers, which ~~shall~~ must at all times be displayed upon the vehicle when operated or driven upon roads and highways of this state during the effective period ~~of the life~~ of the license.

(3) The registration receipt ~~shall~~ does not constitute evidence of ownership but ~~shall~~ must be used only for registration purposes. ~~No~~ A Montana certificate of ownership ~~shall~~ may not be issued for this type of registration.

(4) This section is not applicable to ~~any~~ a vehicle covered by a valid and existing reciprocal agreement or declaration entered into under the provisions of the laws of Montana."

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1 **Section 38.** Section 61-12-402, MCA, is amended to read:

2 **"61-12-402. Notice to owner.** (1) Within 72 hours after ~~any~~ a vehicle is removed and held by or
3 at the direction of the Montana highway patrol, the highway patrol shall notify the sheriff of the county in
4 which the vehicle was located at the time it was taken into custody ~~and~~ of the place where the vehicle is
5 being held. In addition, the Montana highway patrol shall furnish the sheriff:

6 (a) a complete description of the vehicle, including year, make, model, serial number, and license
7 number if available;

8 (b) any costs incurred to that date in the removal, storage, and custody of the vehicle; and

9 (c) any available information concerning its ownership.

10 (2) The sheriff or the city police shall make reasonable efforts to ascertain the name and address
11 of the owner, lienholder, or person entitled to possession of the vehicle taken into custody under
12 61-12-401. If a name and address are ascertained, the sheriff or the city police shall notify the owner, ~~and~~
13 lienholder, or person of the location of the vehicle.

14 (3) If the vehicle is registered in the office of the department, notice is considered to have been
15 given when a ~~registered or~~ certified letter addressed to the registered owner of the vehicle and lienholder,
16 if any, at the latest address shown by the records in the office of the department, return receipt requested
17 and postage prepaid, is mailed at least 30 days before the vehicle is sold.

18 (4) If the identity of the last-registered owner cannot be determined, if the registration does not
19 contain an address for the owner, or if it is impossible to determine with reasonable certainty the identity
20 and addresses of all lienholders, notice by one publication in one newspaper of general circulation in the
21 county where the motor vehicle was abandoned is sufficient to meet all requirements of notice pursuant
22 to this part. The notice by publication ~~can~~ may contain multiple listings of abandoned vehicles. The notice
23 must be provided in the same manner as prescribed in 25-13-701(1)(b).

24 (5) If the abandoned vehicle is in the possession of a motor vehicle wrecking facility licensed under
25 75-10-511, the wrecking facility may make the required search to ascertain the name and address of the
26 owner, lienholder, or person entitled to possession of the vehicle and shall give the notices required in
27 subsections (2) through (4). The wrecking facility shall deliver to the sheriff or the city police a certificate
28 describing the efforts made to ascertain the name and address of the owner, lienholder, or person entitled
29 to possession of the vehicle and shall deliver to the sheriff or the city police proof of the notice given.

30 (6) A vehicle found by law enforcement officials to be a "junk vehicle", as defined by 75-10-501,

and ~~certified as having an appraised~~ that has a value of \$500 or less, as determined by the department of revenue, may be directly submitted for disposal in accordance with the provisions of ~~part 5 of chapter 10,~~ Title 75, chapter 10, part 5, upon a release given by the sheriff or the city police. In the release, the sheriff or the city police shall include a description of the vehicle, including year, make, model, serial number, and license number if available. A release provided by the sheriff or the city police under this section must be transmitted to the motor vehicle wrecking facility and must be considered by that facility to meet the requirements for records under 75-10-512 and 75-10-513. Vehicles described in this section may be submitted for disposal without notice and without a required holding period."

NEW SECTION. Section 39. Codification instruction. (1) [Sections 16 and 17] are intended to be codified as an integral part of Title 61, chapter 1, part 1, and the provisions of Title 61, chapter 1, part 1, apply to [sections 16 and 17].

(2) [Sections ~~34~~ 32 and ~~32~~ 33] are intended to be codified as an integral part of Title 61, chapter 3, part 5, and the provisions of Title 61, chapter 3, part 5, apply to [sections ~~34~~ 32 and ~~32~~ 33].

(3) [Sections ~~33~~ 34 through ~~35~~ 36] are intended to be codified as an integral part of Title 61, chapter 3, part 7, and the provisions of Title 61, chapter 3, part 7, apply to [sections ~~33~~ 34 through ~~35~~ 36].

NEW SECTION. Section 40. Repealer. Sections 15-24-101, 15-24-102, 15-24-103, 15-24-104, 15-24-105, and 15-24-2501, MCA, are repealed.

NEW SECTION. Section 41. Effective dates -- applicability -- rulemaking. (1) Except for the purposes of subsection (2), [this act] is effective January 1, 1998, and applies to tax years beginning after December 31, 1997.

(2) For the purposes of promulgating administrative rules under 61-3-506, [section 25 and this section] are effective on passage and approval.

-END-

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MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
55th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By Chairman Chase Hibbard, on February 7, 1997,
at 8:00 a.m., in Room 437.

ROLL CALL

Members Present:

Rep. Chase Hibbard, Chairman (R)
Rep. Robert R. Story, Jr., Vice Chairman (Majority) (R)
Rep. Robert R. "Bob" Ream, Vice Chairman (Minority) (D)
Rep. Peggy Arnott (R)
Rep. Paul Bankhead (R)
Rep. John C. Bohlinger (R)
Rep. Bill Carey (D)
Rep. Alvin A. Ellis, Jr. (R)
Rep. Marian W. Hanson (R)
Rep. Hal Harper (D)
Rep. Dan W. Harrington (D)
Rep. Rick Jore (R)
Rep. Scott J. Orr (R)
Rep. Bob Raney (D)
Rep. John "Sam" Rose (R)
Rep. William M. "Bill" Ryan (D)
Rep. Richard D. Simpkins (R)
Rep. Emily Swanson (D)
Rep. Lila V. Taylor (R)
Rep. Jack Wells (R)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Services Division
Donna Grace, Committee Secretary

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 424 (2/3)
SB 57 (2/3)
HB 378 (2/3)
HB 379 (2/3)

Executive Action: HB 378 - Table
SB 26 - Concur

HEARING ON SB 57

Opening Statement by Sponsor:

Sen. Mignon Waterman, Senate District 26, said the bill was introduced at the request of the Revenue Oversight Committee. The bill would revise taxation of vehicles. {Tape: 1; Side: A; Approx. Time Count: 2.0.}

Informational Testimony:

Larry Finch, Department of Revenue. EXHIBIT 1. {Tape: 1; Side: A; Approx. Time Count: 6.9.}

Proponents' Testimony:

Dave Galt, Department of Transportation. EXHIBIT 2. {Tape: 1; Side: a; Approx. Time Count: 14.9.}

Bob Gilbert, Montana Tow Truck Association. {Tape: 1; Side: A; Approx. Time Count: 19.0.}

Ben Havdahl, Montana Motor Carriers Association. EXHIBIT 3. {Tape: 1; Side: A; Approx. Time Count: 19.4.}

Patricia Cook, Lake County Treasurer. EXHIBIT 4. {Tape: 1; Side: a; Approx. Time Count: 20.6.}

Bud Schoen, Motor Vehicle Division. {Tape: 1; Side: A; Approx. Time Count: 27.7.}

Gordon Morris, Montana Association of Counties. {Tape: 1; Side: A; Approx. Time Count: 28.0.}

Steve Turkiewicz, Montana Auto Dealers' Association. {Tape: 1; Side: A; Approx. Time Count: 28.5.}

Sharon Ferguson, Department of Revenue. {Tape: 1; Side: A; Approx. Time Count: 30.3.}

Opponents' Testimony:

Dennis Burr, Montana Taxpayers' Association. {Tape: 1; Side: A; Approx. Time Count: 30.9.}

Jerry Driscoll, private citizen. {Tape: 1; Side: A; Approx. Time Count: 36.2.}

Questions From Committee Members and Responses:

{Tape: 1; Side: A; Approx. Time Count: 37.0; Comments: Questions continued on Tape 1B.}

Closing by Sponsor:

Sen. Waterman closed the hearing. {Tape: 1; Side: B; Approx. Time Count: 10.4.}

HEARING ON HB 424

Opening Statement by Sponsor:

Rep. Rick Jore, House District 73, opened the hearing on HB 424 which would repeal the state inheritance tax. {Tape: 1; Side: B; Approx. Time Count: 15.1.}

Proponents' Testimony:

John Youngberg, Montana Farm Bureau. {Tape: 1; Side: B; Approx. Time Count: 23.3.}

Opponents' Testimony:

None.

Informational Testimony:

Bob Turner, DOR. {Tape: 1; Side: B; Approx. Time Count: 24.7.}

Questions From Committee Members and Responses:

{Tape: 1; Side: B; Approx. Time Count: 27.8; Comments: Questions continued on Tape 2A.}

Closing by Sponsor:

Rep. Jore closed the hearing. {Tape: 2; Side: A; Approx. Time Count: .7.}

HEARING ON HB 378

Opening Statement by Sponsor:

Rep. Bill Ryan, House District 44, presented HB 378, a bill requiring cellular phones for revenue department appraisers. EXHIBIT 5. {Tape: 2; Side: A; Approx. Time Count: 3.6.}

Proponents' Testimony:

Mary Bryson, Director, Department of Revenue. {Tape: 2; Side: A; Approx. Time Count: 9.9.}

Peter Fontana, Federation of Property Assessors. {Tape: 2; Side: A; Approx. Time Count: 9.7.}

HOUSE TAXATION COMMITTEE

ROLL CALL

DATE OF MEETING: Feb. 7, 1997

Name	Present	Absent	Excused
Rep. Peggy Arnott	✓		
Rep. Paul Bankhead	✓		
Rep. John Bohlinger	✓		
Rep. Bill Carey	✓		
Rep. Alvin Ellis, Jr.	✓		
Rep. Marian Hanson	✓		
Rep. Hal Harper	✓		
Rep. Dan Harrington	✓		
Rep. Rick Jore	✓		
Rep. Scott J. Orr	✓		
Rep. Bob Raney	✓		
Rep. Bob Ream	✓		
Rep. Sam Rose	✓		
Rep. Bill Ryan	✓		
Rep. Robert Story	✓		
Rep. Richard Simpkins	✓		
Rep. Emily Swanson	✓		
Rep. Lila Taylor	✓		
Rep. Jack Wells	✓		
Chairman Chase Hibbard	✓		

Final - don't

Figure 1

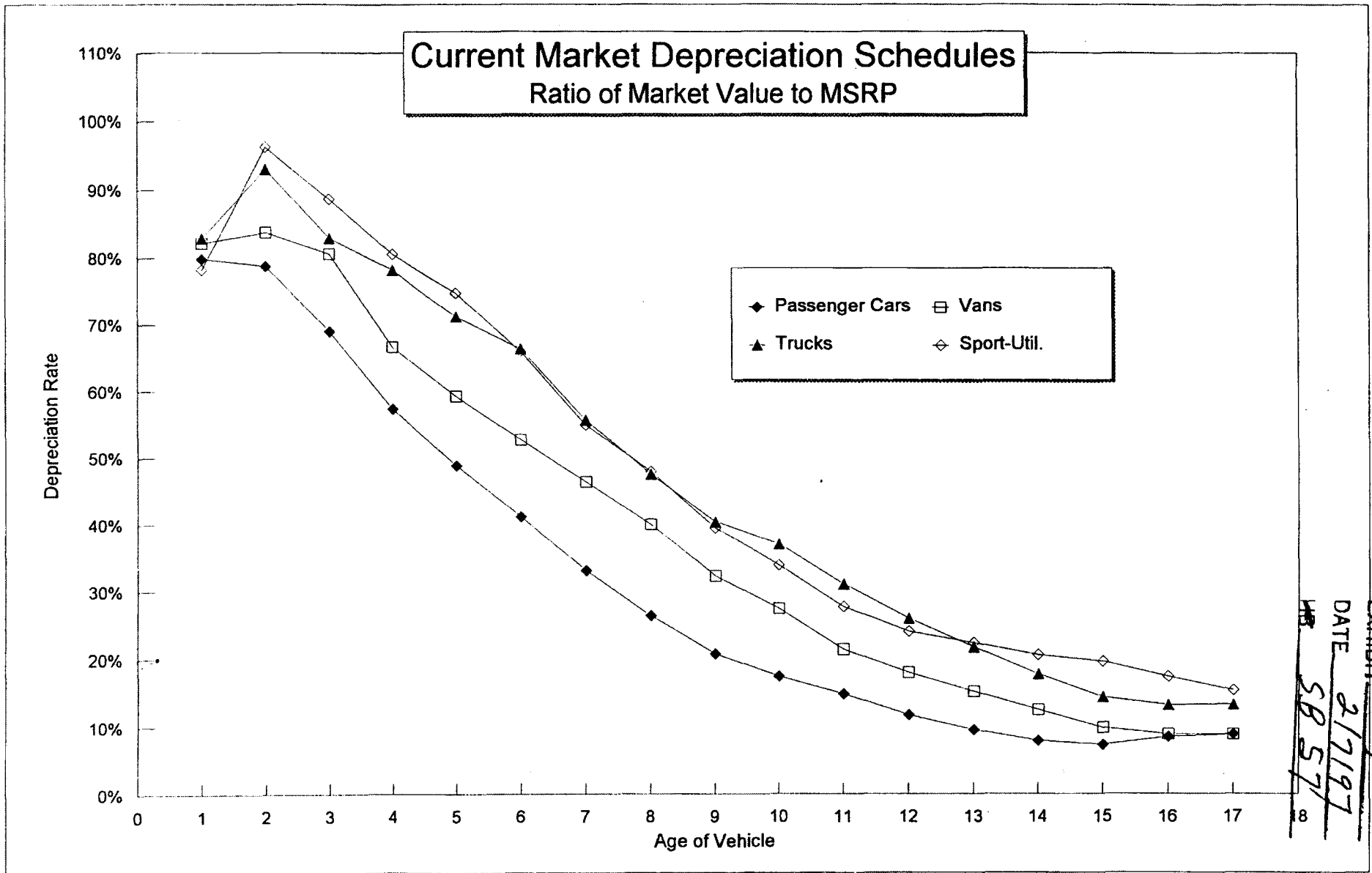
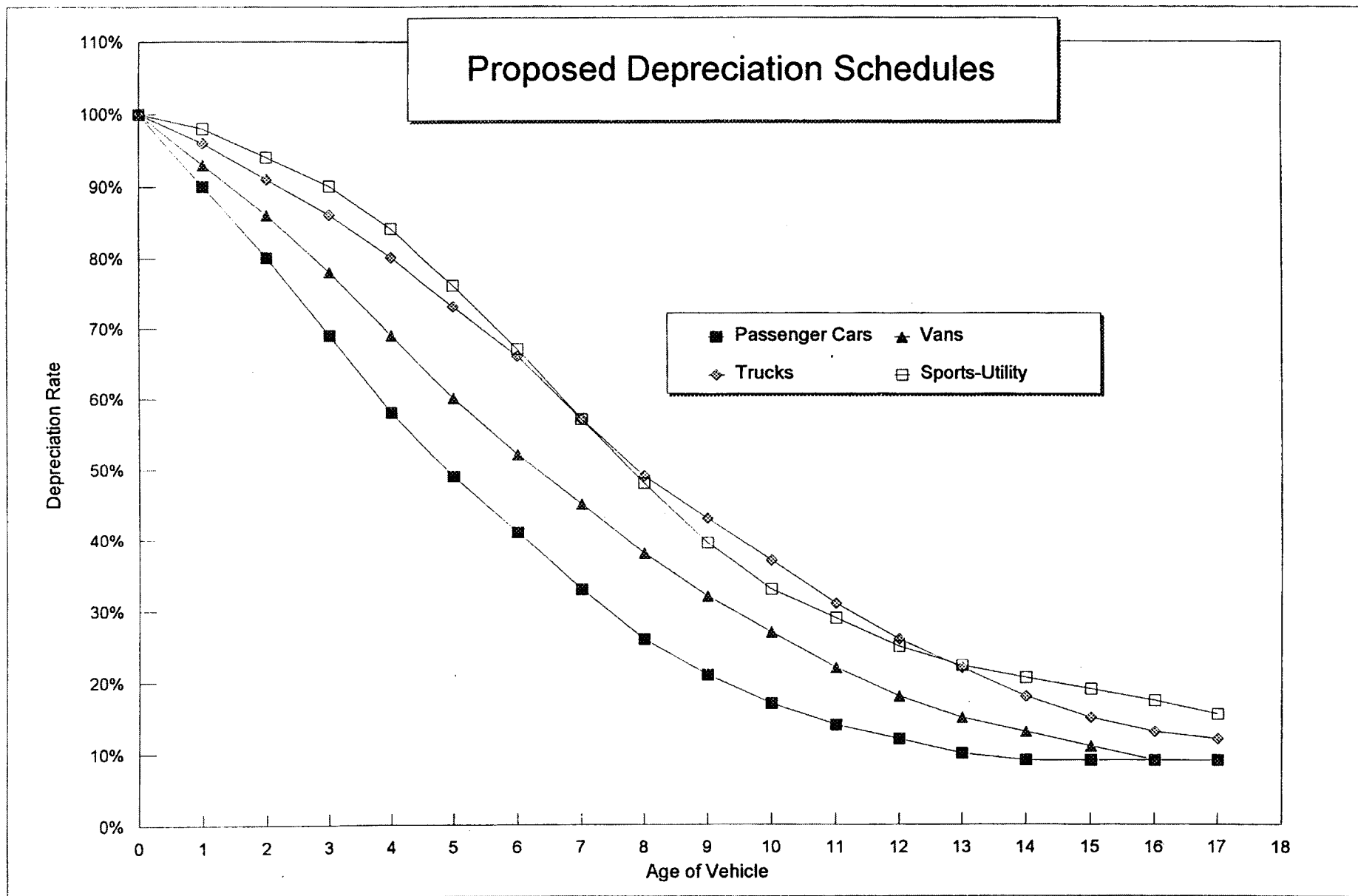


Figure 2



Attachment 3

CURRENT LAW AVERAGE PROPERTY TAX BY TYPE AND AGE

Vehicle Type	Age Group				Total
	1-5 Yrs. Old	6-10 Yrs. Old	11-15 Yrs. Old	>15 Yrs. Old	
Passenger Car	197	72	21	12	88
Truck	235	107	36	15	114
Van	252	107	31	11	144
Other	329	133	53	25	175
Total	228	90	29	14	107

PROPOSED LAW AVERAGE PROPERTY TAX BY TYPE AND AGE

Vehicle Type	Age Group				Total
	1-5 Yrs. Old	6-10 Yrs. Old	11-15 Yrs. Old	>15 Yrs. Old	
Passenger Car	199	71	22	13	88
Truck	236	108	35	14	114
Van	255	103	31	11	144
Other	330	133	53	23	175
Total	230	89	29	14	107

DOLLAR CHANGE IN AVERAGE PROPERTY TAX BY TYPE AND AGE

Vehicle Type	Age Group				Total
	1-5 Yrs. Old	6-10 Yrs. Old	11-15 Yrs. Old	>15 Yrs. Old	
Passenger Car	2	(2)	0	1	0
Truck	1	0	(0)	(1)	0
Van	3	(4)	0	0	(0)
Other	1	(0)	0	(1)	0
Total	2	(1)	0	(0)	0

PERCENT CHANGE IN AVERAGE PROPERTY TAX BY TYPE AND AGE

Vehicle Type	Age Group				Total
	1-5 Yrs. Old	6-10 Yrs. Old	11-15 Yrs. Old	>15 Yrs. Old	
Passenger Car	1%	-2%	1%	4%	0%
Truck	0%	0%	-1%	-9%	0%
Van	1%	-3%	0%	1%	-0%
Other	0%	-0%	1%	-5%	0%
Total	1%	-1%	0%	-3%	0%

OR/MDOR
09-Dec-96

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Current Law Total Tax - Class 8 Trucks

Age	Weight Group					Totals
	<=16	17 - 26	27 - 54	55+		
1	1,909	17,994	60,381	18,116		98,400
2	8,064	33,006	87,802	106,357		235,229
3	7,903	44,951	55,592	90,789		199,235
4	8,439	23,876	68,804	44,849		145,968
5	4,992	32,232	79,075	52,182		168,481
6	7,239	29,920	62,544	66,864		166,566
7	6,928	20,005	57,921	80,902		165,758
8	6,010	29,192	53,986	94,290		183,477
9	4,517	20,337	48,553	81,317		154,723
10	3,270	16,477	50,482	66,465		136,695
11 - 12	4,729	35,620	96,548	148,014		284,912
13 - 14	4,066	19,732	67,691	57,440		148,928
15 - 16	8,600	29,439	96,719	70,814		205,572
17 - 18	8,524	36,756	117,552	81,654		244,486
19 - 20	7,385	28,316	79,894	46,153		161,749
21+	61,064	249,511	270,567	97,358		678,501
Totals	153,640	667,365	1,354,110	1,203,563		3,378,679

Proposed Law Total Tax - Class 8 Trucks

Age	Weight Group					Totals
	<=16	17 - 26	27 - 54	55+		
1	702	12,525	32,376	11,250		56,853
2	4,251	23,850	83,250	77,400		188,751
3	5,700	34,572	50,080	62,244		160,596
4	6,348	21,060	60,168	44,286		131,862
5	4,233	31,719	74,400	39,195		149,547
6	5,400	28,500	65,124	58,617		157,641
7	5,742	22,386	58,266	70,119		156,513
8	5,394	31,374	52,900	79,125		168,693
9	3,600	21,375	46,644	64,746		136,365
10	3,075	18,270	51,192	54,924		127,461
11 - 12	3,861	40,500	95,073	123,804		263,238
13 - 14	3,444	25,308	77,688	54,168		160,608
15 - 16	4,950	34,470	108,642	63,309		211,371
17 - 18	6,534	51,948	128,947	68,364		255,693
19 - 20	5,499	42,465	90,486	32,526		170,976
21+	71,370	381,636	354,672	75,120		882,798
Totals	140,103	821,958	1,437,708	979,197		3,378,966

Change in Tax - Class 8 Trucks

Age	Weight Group					Totals
	<=16	17 - 26	27 - 54	55+		
1	(1,207)	(5,469)	(28,005)	(6,866)		(41,547)
2	(3,813)	(9,156)	(4,552)	(28,957)		(46,478)
3	(2,203)	(10,379)	2,488	(28,545)		(38,639)
4	(2,091)	(2,816)	(8,636)	(563)		(14,106)
5	(759)	(513)	(4,875)	(12,987)		(18,934)
6	(1,839)	(1,420)	2,580	(8,247)		(8,925)
7	(1,186)	2,381	345	(10,783)		(9,243)
8	(616)	2,182	(1,186)	(15,165)		(14,784)
9	(917)	1,038	(1,909)	(16,571)		(18,358)
10	(195)	1,793	710	(11,541)		(9,234)
11 - 12	(868)	4,880	(1,475)	(24,210)		(21,674)
13 - 14	(622)	5,576	9,997	(3,272)		11,679
15 - 16	(3,650)	5,031	11,923	(7,505)		5,799
17 - 18	(1,990)	15,192	11,295	(13,290)		11,207
19 - 20	(1,886)	14,149	10,592	(13,627)		9,227
21+	10,306	132,125	84,105	(22,238)		204,297
Totals	(13,537)	154,593	83,598	(224,366)		287

CL Total Tax - IRP Vehicles

Age	Weight Group					Totals
	<=16	17 - 26	27 - 54	55+		
1	9,637	13,491	24,017	308,895		356,040
2	3,212	3,816	10,856	126,940		144,824
3	3,834	1,897	13,311	90,884		109,926
4	1,734	1,668	5,833	83,059		92,294
5	1,911	2,005	10,843	89,717		104,477
6	1,606	1,900	12,869	79,990		96,365
7	1,103	724	9,184	61,221		72,232
8	343	741	3,597	45,500		50,180
9	437	524	3,507	27,562		32,029
10	156	423	10,233	33,336		44,148
11 - 12	580	532	8,826	33,344		43,282
13 - 14	210	767	13,891	21,875		36,743
15 - 16	146	464	5,536	19,219		25,365
17 - 18	69	504	4,959	11,679		17,210
19 - 20	64	264	1,884	3,380		5,592
21+	211	157	3,588	9,236		13,192
Totals	25,252	29,878	142,933	1,045,835		1,243,898

Proposed Law Total Tax - IRP Vehicles

Age	Weight Group					Totals
	<=16	17 - 26	27 - 54	55+		
1	9,616	11,415	24,860	309,280		355,171
2	4,910	5,395	15,957	125,806		152,068
3	4,761	2,864	14,119	91,088		112,632
4	3,324	2,996	8,752	78,437		93,509
5	3,400	4,301	11,409	92,478		111,588
6	3,260	2,515	7,265	84,441		97,481
7	2,079	1,862	5,244	69,336		78,521
8	573	837	4,744	49,525		55,679
9	897	1,132	3,112	30,072		35,213
10	305	828	5,712	34,457		41,301
11 - 12	1,334	875	5,994	31,296		39,499
13 - 14	577	1,224	5,914	19,344		27,059
15 - 16	327	841	3,410	16,181		20,759
17 - 18	97	437	1,937	8,899		11,370
19 - 20	105	312	1,212	2,603		4,231
21+	134	181	1,855	5,644		7,814
Totals	35,698	37,814	121,497	1,048,888		1,243,897

Change in Tax - IRP Vehicles

Age	Weight Group					Totals
	<=16	17 - 26	27 - 54	55+		
1	(21)	(2,076)	843	386		(869)
2	1,698	1,579	5,101	(1,134)		7,244
3	927	767	808	204		2,706
4	1,590	1,328	2,919	(4,621)		1,216
5	1,488	2,295	566	2,761		7,111
6	1,654	615	(5,604)	4,451		1,117
7	976	1,138	(3,940)	8,116		6,289
8	231	96	1,147	4,026		5,499
9	460	609	(394)	2,510		3,184
10	149	405	(4,521)	1,120		(2,847)
11 - 12	754	343	(2,832)	(2,048)		(3,783)
13 - 14	367	457	(7,977)	(2,531)		(9,683)
15 - 16	180	378	(2,126)	(3,038)		(4,606)
17 - 18	28	(67)	(3,021)	(2,780)		(5,840)
19 - 20	41	47	(672)	(777)		(1,361)
21+	(77)	23	(1,732)	(3,592)		(5,378)
Totals	10,446	7,937	(21,436)	3,053		(0)

Attachment 9

Proposed Law Flat Fee Schedule - Tax Year 1998

Age	Weight Group (GVW)			
	<=16	17 - 26	27 - 54	55+
1	234	334	568	750
2	218	300	500	600
3	200	268	440	532
4	184	234	368	484
5	166	218	320	390
6	150	200	268	334
7	132	182	234	294
8	116	166	200	250
9	100	150	184	218
10	82	116	158	184
11 - 12	66	100	134	152
13 - 14	56	74	104	122
15 - 16	50	60	76	94
17 - 18	36	52	58	72
19 - 20	26	38	44	52
21+	20	24	32	40

g:\1123\motveh\flatfee3.wk4

Combined Impact of Motor Vehicle Taxation Reform Proposal
Impact to Local Governments (Cities and Towns; Counties, Incl. Loc. Op. Tax)
Tax Year 1995; Class 8 Tax Rate of 9%

County	Impact of Flatfee: Class 8	Impact of Flatfee: IRP	Total Impact of Flatfee:	Impact of Light Cars and Trucks	Net Total Impact
SILVER BOW	(17,465)	0	(17,465)	4,106	(13,359)
CASCADE	(8,391)	0	(8,391)	13,829	5,438
YELLOWSTONE	15,620	0	15,620	(8,236)	7,384
MISSOULA	(43,779)	0	(43,779)	(23,976)	(67,755)
LEWIS AND CLARK	(2,411)	0	(2,411)	(9,423)	(11,834)
GALLATIN	(12,424)	0	(12,424)	(28,983)	(41,407)
FLATHEAD	(34,983)	0	(34,983)	(24,260)	(59,244)
FERGUS	1,459	0	1,459	3,544	5,003
POWDER RIVER	(297)	0	(297)	2,634	2,336
CARBON	2,877	0	2,877	2,003	4,879
PHILLIPS	4,333	0	4,333	329	4,662
HILL	5,484	0	5,484	6,906	12,390
RAVALLI	(195)	0	(195)	(12,869)	(13,064)
CUSTER	(691)	0	(691)	9,704	9,013
LAKE	(3,177)	0	(3,177)	10,196	7,019
DAWSON	(4,063)	0	(4,063)	4,973	910
ROOSEVELT	3,733	0	3,733	4,638	8,371
BEAVERHEAD	1,222	0	1,222	2,438	3,660
CHOUTEAU	5,363	0	5,363	2,357	7,719
VALLEY	1,553	0	1,553	2,481	4,034
TOOLE	5,074	0	5,074	1,040	6,114
BIG HORN	5,023	0	5,023	2,609	7,631
MUSSELSHELL	(186)	0	(186)	1,117	932
BLAINE	5,595	0	5,595	5,125	10,721
MADISON	(135)	0	(135)	(2,192)	(2,327)
PONDERA	2,962	0	2,962	1,657	4,619
RICHLAND	6,879	0	6,879	6,175	13,054
POWELL	1,751	0	1,751	(334)	1,417
ROSEBUD	3,604	0	3,604	2,744	6,348
DEER LODGE	(2,844)	0	(2,844)	1,325	(1,519)
TETON	3,403	0	3,403	5,823	9,226
STILLWATER	2,334	0	2,334	2,977	5,311
TREASURE	(272)	0	(272)	2,086	1,814
SHERIDAN	5,294	0	5,294	4,148	9,442
SANDERS	683	0	683	2,119	2,803
JUDITH BASIN	3,840	0	3,840	650	4,489
DANIELS	2,400	0	2,400	2,219	4,619
GLACIER	(1,320)	0	(1,320)	8,670	7,350
FALLON	3,428	0	3,428	3,027	6,455
SWEET GRASS	519	0	519	60	579
MCCONE	2,548	0	2,548	195	2,743
CARTER	1,372	0	1,372	1,743	3,115
BROADWATER	2,339	0	2,339	1,834	4,174
WHEATLAND	910	0	910	963	1,872
PRAIRIE	1,281	0	1,281	1,455	2,736
GRANITE	(713)	0	(713)	819	106
MEAGHER	255	0	255	(810)	(555)
LIBERTY	6,145	0	6,145	(1,122)	5,022
PARK	1,578	0	1,578	(1,909)	(331)
GARFIELD	2,882	0	2,882	996	3,878
JEFFERSON	720	0	720	(2,179)	(1,459)
WIBAUX	(13)	0	(13)	2,161	2,148
GOLDEN VALLEY	333	0	333	1,142	1,475
MINERAL	(176)	0	(176)	(425)	(601)
PETROLEUM	448	0	448	388	836
LINCOLN	(2,724)	0	(2,724)	790	(1,934)
State	(21,013)	0	(21,013)	19,474	(1,540)

Senate Bill, 57 Revising Vehicle Tax Laws

Sponsored by: Senator Waterman

**Testimony: Department of Transportation by: David A. Galt, Administrator
Motor Carrier Services Division**

Date: February 7, 1997

Mr. Chairman, members of the committee, my name is Dave Galt, and I am the Administrator of the Motor Carrier Services Division. The MCS Division licenses trucks owned by Montana residents that are used in interstate transportation. MCS acts as an agent for the Department of Revenue and collects ad valorem taxes on interstate vehicles. From this standpoint, MCS has been involved in the study that lead to SB 57.

At the present time, truck taxes are different for trucks used in interstate commerce and for trucks that are used within Montana. Trucks that are licensed at the county level for travel in the state of Montana are valued using a published value guide. This value is multiplied by the current rate for class 8 property. This new value is called taxable value and is then multiplied by the mill levy of the taxing district where the vehicle resides.

Trucks that are used in interstate commerce are licensed by MCS, through a international licensing agreement called the International Registration Plan (IRP). The tax on interstate vehicles is figured by a different method. Acquired cost is used to establish original market value, as opposed to published value guides. This value is then multiplied by the class 8 property tax rate to determine taxable value. Taxable value is then multiplied by a **statewide average mill levy** to determine the tax.

Using acquired cost creates value differential problems. For example, large fleet owners could get vehicles on a fleet discount, but the owner operator with the same vehicle could not. This acquired cost differential resulted in different tax treatment of similar vehicles. This situation is compounded by the fact that all truck fleets that operate in Montana, but may reside in a different state, are also valued by the acquired cost method. Finally, you can imagine the conflicts we have when we challenge costs figures provided to us by a taxpayer.

Initially we tried to use a published value guide. The Motor Carrier industry opposed this idea because they proved that current value guides do not accurately reflect market prices for large trucks in Montana. This created concern that we use these same value guides for Montana based intrastate carriers, but not for interstate carriers. Why would we want to set tax policy that uses value guides that are not indicative of true values in Montana. We don't think we should!

SB57 establishes a fee in lieu of property tax for large trucks. The fees are based upon age and weight. Newer, larger trucks have higher fees than older and lighter trucks. The fee table was designed to be revenue neutral based on 1995 revenue collections. 1995 revenue streams are based upon the full 9% tax rate of class 8 property, that was in statute prior to the reduction in the 1995 session. The proposed flat fee table was reduced by 33% across the board to mirror the intent of the 1995 legislature business tax reduction from 9% to 6 %

IMPLICATIONS

- The truck flat fee proposal contained in SB57 moves trucks into a growing category of "flat fee" vehicles.
- Trucks would no longer be subject to mill levies, and therefore, would not see increases as mill levies hedge upward.
- Trucks would be taxed on the same formula regardless of their use or state of residence.
- Trucks would not need to be assessed.
- License fees could be easily calculated on automated systems.
- License fees on vehicles that operate in Montana that are based in other states would be more accurate because of the simplified approach to determining property taxes.
- Conflicts with taxpayers over value would be eliminated.

We urge your support on this bill, thank you

E 3
D 2-7-97
SB 57

2/7/97 - Statement on SB 57 by Ben G. Havdahl, Executive Vice President,
Montana Motor Carriers Association before the House Taxation Committee

Mr. Chairman and Members of the Committee. For
your record I am Ben Havdahl, representing the
Montana Motor Carriers Association. MMCA
supports Senate Bill 57.

Passage of the bill will be a great improve^{ment} over the
current personal property taxing system as it
applies to heavy trucks, truck tractors and buses.

MMCA has been represented on the study committee
established to review the matter following the
attempt in the last session to remove heavy vehicles
from the personal property tax law.

When these vehicles are taxed in the various
counties, the current law requires they be valued by
using the NADA Blue Book.

The tax liability is then determined by applying the
mill levy in each respective county when registering
the equipment.

Montana based heavy vehicles operating in
interstate commerce are registered under the
International Registration Plan (IRP).

These vehicles are valued at their acquired cost, depreciated in accordance with a prescribed schedule, and then assessed the statewide mill levy average.

The current system follows two different taxing procedures resulting in inconsistencies and varying taxes assessed on the same vehicles. This bill will improve the system dramatically and effectively.

The 1995 Legislature reduced the percentage of the personal property tax from 9% to 8% in 1996, 8% to 7% in 1997 and to 6% in 1998.

I am told by members of MMCA, that very little if any tax dollar savings have been realized by the industry as a result of the reduction.

Mill levies in the counties have been ratcheting upwards along with the statewide mill levy average, absorbing any tax dollar savings.

MMCA supports changing the system as is being proposed by SB 57 to a single flat fee schedule that would apply to heavy trucks evenly whether or not the vehicles are registered in a county or by the MT DOT.

The flat fee schedule in SB 57 has been adjusted from the 1995 level to include the personal property tax rate reductions. We strongly support that aspect of the bill.

We urge the passage of SB 57. Thank you for this opportunity to speak on this bill.

EXHIBIT 4

DATE 2/7/97

HB SB 57

PLATE 6787V 12-1-97 DATE 01/08/97

MONTANA VEHICLE REGISTRATION AND PAYMENT RECEIPT

TAXES PAID THROUGH 12/31/97 VALID THROUGH 01/31/98

TYP YR MAKE MODL STYL COLOR VIN

TK 96 FORD TK FK BLU 1FTEF14NXTLA74173

TITLE E155303

PLATE NO 6787V FLT TYPE VT TAB NO K388578

FUEL TYPE 1 EQUIF NO UNLADEN WGT 04082 TON 010

GVW 00 DECLARED 6K REG 01/01/97 EXP 12/31/97 CLS 1

FORD MOTOR CREDIT CO
% NELSON, JEFF
% DBA NELSON DAIRY SERVICE
BOX 105704
ATLANTA GA 30348

-FEE INFORMATION:-

01 GUNTAX * PAID *	02 NEWUSE * PAID *	12 REGFEE * PAID *
13 LICFEE * PAID *	15 TTLCO 1.50	17 JUNK * PAID *
18 NEED * PAID *	19 HFFUND * PAID *	24 JNFTTL 1.50
32 TTLEST 3.50	42 SYSFEE * PAID *	70 NEWISE * PAID *
84 MIAFFR * PAID *		

-COUNTY INFORMATION:-

TRADVAL * 14345.00 CO 15 SCH 23PC PRORATE 12/12
MKTVAL MILL 350.508 PCC 4101 TREAS DEP 14
TAXVAL ASSD DATE 01/08/97 ASSD BY
REMARKS N/A

Gave 1 Tab -> Based on DOT

UNLAWFUL TO OPERATE VEH W/OUT VALID VEH LIABILITY INSURANCE
POLICY, CERTIFICATE OF SELF-INSURANCE, OR POSTED INDEMNITY
BOND, AS REQUIRED BY 61-6-301, UNLESS EXEMPT BY 61-6-303.

Transfer Plate Rd 60 day

CK402400

650

BY REGISTERING THIS VEHICLE THE APPLICANT ACKNOWLEDGES
HAVING KNOWLEDGE OF THE FNCOR AND FHMR, IF APPLICABLE.

STATE OF MONTANA DEPARTMENT OF JUSTICE MOTOR VEH DIVISION

OPID 1514

STATE * 5.00 COUNTY * 1.50 TOTAL AMT * 6.50
ORIGINAL - OWNER FILE/1 COPY - OWNER

ADITARTS...
ADITAMFO...
ADITARTS...

MOTOR VEHICLE SYSTEM
VEHICLE REGISTRATION HISTORY

DATE: 02/04/97

TIME: 15:25

TITLE NO: W193368 VEH ID NO: 1N6ND11SOKC359637 FCC: 4101
CATEGORY: - NEW ISSUE: X COLLEGIATE: CENTENNIAL: OTHER:
PLT1 NO: [REDACTED] PLT1 TYPE: TK PLT1 EXP DATE: 04/30/97 TAB NO: F012972
PLT2 NO: [REDACTED] PLT2 TYPE: [REDACTED] PLT2 EXP DATE: [REDACTED] TAB NO: [REDACTED]
CURRENT OWNERS: OWNER 1: [REDACTED]
OWNER 2: [REDACTED]

RCPT NO: A342810 REGIS DT: 06/07/96 TRADE IN VALUE: 3800.00
ASS'D DT: 00/00/97 ASS'D BY: SYS CO: [REDACTED] OPID: [REDACTED] MILL LEVY: 487050
SCHL DIST: [REDACTED] EXEMPT STATUS: NONE REGIST CONTAINS MORE FEES:
GVWTAX 7.00 LICFEE 10.00 SYSFEE 1.00
PROPTX 76.00 COOPT 19.00
REGFEE 5.00 WEED 1.50
HPFUND 0.25 JUNK 0.50
RCPT NO: A292214 REGIS DT: 06/05/95 TRADE IN VALUE: 3625.00
ASS'D DT: 00/00/96 ASS'D BY: SYS CO: [REDACTED] OPID: [REDACTED] MILL LEVY: 479090
SCHL DIST: [REDACTED] EXEMPT STATUS: NONE REGIST CONTAINS MORE FEES:
GVWTAX 7.50 LICFEE 10.00 SYSFEE 1.00
PROPTX 72.50 COOPT 18.13
REGFEE 5.00 WEED 1.50
HPFUND 0.25 JUNK 0.50

ENTER NEXT TITLE NUMBER=>

4B Aa B0--SESSION1 R 24 C 28 16:41 2/04/97

MOTOR VEHICLE SYSTEM
NORMAL INQUIRY

DATE: 02/04/97

TIME: 15:05

TITLE: W193368 STATUS: I TITLE DATE: 07/26/89
VEH TYP: TK VEH YR: 89 MAKE: NISS MODEL: TK COLOR: BLU BRAND: 0
VIN: 1N6ND11SOKC359637 INSP: N LENGTH: ODOMETER: 000044
TINTED: N PROP TYPE: MATERIAL: TON: 010 GVW: 000000 DECLR: 0000
PLATE: [REDACTED] PLATE TYPE: TK TAB: F012972 EXPIRATION DATE: 04/30/97
CNTY: [REDACTED] FEES PD: Y WGT: 02735 AGY: EQUIP-ID: FLEET:
OWNERS: [REDACTED] CURRENT DISCLS: [REDACTED]
[REDACTED] CURRENT DISCLS: [REDACTED]
[REDACTED] CURRENT DISCLS: [REDACTED]

LIEN
HOLDERS: NO LIENHOLDERS ON FILE

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I-46 NISSAN (Japanese) 1990-89

Av'g. Trd-In	BODY TYPE	Model No.	M.S.R.P.	Wgt.	Av'g. Loan	Av'g. Retail
1990 NISSAN-AC-PS-Continued						
200	Add Sunroof (Std. Sentra SE, Path SE)			200	200	
450	Add Power Sunroof (Std. Maxima SE, Access SE)			450	450	
250	Add Leather Seats			250	250	
175	Add Alloy Wheels (Std. Sen SE, GXE, Max, ZX, Ar 4WD, Path SE)			175	175	
75	Add Power Door Locks (Stanza XE, SX, Path XE, Pickup SE)			75	75	
125	Add Power Windows (Stanza XE, SX, Path XE, Pkp SE, Access)			125	125	
125	Add Power Seats			125	125	
125	Add Cruise Control (Stanza XE, SX, Access)			125	125	
650	Add Dual Sunroof (Van)			650	650	
800	Add SE Pkg. (Access)			800	800	
350	Add Anti-Lock Brakes (SX, Maxima, Stanza)			350	350	
150	Deduct W/out Power Steering			150	150	
575	Deduct W/out Air Conditioning			575	575	

1989 NISSAN-AC-PS
Start Sept. 1988

SENTRA-FWD Veh. Ident.: (N)(G)(Model)() () () 000001 Up.						
2550	Sedan 2D	B22	\$6849	2156	2575	3900
3550	Sedan 2D E	B22	7999	2178	3200	4675
3550	Sedan 4D E	B21	8549	2208	3300	4775
3500	Station Wagon 5D E	B25	9224	2282	3525	5050
3550	Sedan 2D XE	B22	9649	2197	3575	5100
4050	Sedan 4D XE	B21	10299	2224	3650	5225
4300	Station Wagon 5D XE	B25	10724	2317	3875	5500
4950	Station Wagon 5D XE (4WD)	B25	11524	2635	4475	6200
4300	Coupe 2D XE	B24	10674	2304	3875	5500
4675	Coupe 2D SE	B24	11924	2336	4225	5900
PULSAR NX-FWD Veh. Ident.: JN1 () (Model) () () () 000001 Up.						
5500	Coupe 2D XE	N34	\$11749	2388	5050	7000
6075	Coupe 2D SE/16V	N34	12999	2566	5475	7500
STANZA-FWD Veh. Ident.: JN1H (Model) S () () 000050 Up.						
5500	Notchback 4D E	T21	\$11849	2770	4850	6900
6025	Notchback 4D GXE	T21	13799	2830	5425	7450
240SX Veh. Ident.: JN1H (Model) P () () 0000101 Up.						
7250	Coupe 2D XE	S34	\$12999	2657	6525	8775
7350	Fastback 3D SE	S36	13199	2690	6625	8875
MAXIMA-FWD Veh. Ident.: JN1H (Model) P () () 000035 Up.						
8475	Sedan 4D SE	J01	\$17999	3116	8550	11400
8875	Sedan 4D GXE (AT)	J01	16999	3086	8000	10725
300ZX Veh. Ident.: JN1 () (Model) S () () 000001 Up.						
10100	Coupe 2D GS	Z14	\$22299	3164	9100	12100
10250	Coupe 2D 2+2 GS	Z16	23449	3265	9225	12275
10900	Coupe 2D Turbo	Z14	24699	3265	9825	12850
PICKUPS Veh. Ident.: IN6 () (Model) () () 000000 Up.						
3550	Pickup Std.	D11	\$7549	2735	3200	4675
4000	Pickup Special	D11	8549	2790	3600	5150
4125	Pickup LB (V6)	D12	8549	3070	3725	5300
4575	Pickup Special LB (V6)	D12	9549	3205	4125	5800
4000	Pickup King Cab	D16	8549	2830	3600	5150
4450	Pickup King Cab Special	D16	9549	2965	4025	5650
5425	Pickup King Cab SE (V6)	D16	11249	3180	4900	6700
5050	Pickup (4WD)	D11	9999	3275	4550	6300
5500	Pickup Special (4WD)	D11	10999	3325	4850	6800
5500	Pickup (V6, 4WD)	D11	10999	3435	4950	6800
5550	Pickup Special (V6, 4WD)	D11	11999	3490	5375	7275
5500	Pickup King Cab (4WD)	D16	10999	3405	4950	6800
5950	Pickup King Cab Special (4WD)	D16	11999	3505	5375	7275

1993 JANUARY 1993

R

NISSAN (Japanese) 1989-88 I-47

Av'g. Trd-In	BODY TYPE	Model No.	M.S.R.P.	Wgt.	Av'g. Loan	Av'g. Retail
1989 NISSAN-AC-PS-Continued						
5925	Pickup King Cab SE (V6, 4WD)	D16	\$13699	3760	6250	8325
PATHFINDER-4WD Veh. Ident.: JNBH (Model) () () 000001 Up.						
9800	Utility XE (2WD)	D16	\$13899	3475	8825	11750
11000	Utility XE	D16	15399	3753	9900	13075
11875	Utility SE	D16	18449	3810	10700	14100
500 Add Automatic Trans.						
500	Add Automatic Trans.			500	500	
75	Add Stereo Tape (Sentra, NX, E, SX, Pkp)			75	75	
125	Add Compact Disc Player			125	125	
150	Add Sunroof (Std. Sentra SE)			150	150	
400	Add Power Sunroof (Std. Maxima SE)			400	400	
175	Add Leather Seats			175	175	
125	Add Alloy Wheels (Std. Sent SE, Pulsr SE, Maxima, ZX)			125	125	
75	Add Power Door Locks (Std. Stanza GXE, Maxima, ZX, Path SE)			75	75	
100	Add Power Windows (Std. Stanza GXE, Maxima, ZX, Path SE)			100	100	
100	Add Power Seats			100	100	
100	Add Cruise Control (Std. Stanza GXE, Maxima, ZX, Path SE, Pkp SE)			100	100	
125	Deduct W/out Power Steering			125	125	
525	Deduct W/out Air Conditioning			525	525	

1988 NISSAN-AC-PS
Start Sept. 1987

SENTRA-FWD Veh. Ident.: (N)(P)(Model)() () () 001001 Up.						
2375	Sedan 2D	B22	\$6499	2156	2150	3375
2850	Sedan 2D E	B22	7299	2178	2575	3900
2950	Sedan 4D E	B21	8499	2208	2675	4000
2750	Hatchback 3D E	B26	7199	2192	2475	3775
3175	Station Wagon 5D E	B25	8949	2317	2875	4250
3200	Sedan 2D XE	B22	8999	2197	2900	4275
3300	Sedan 4D XE	B21	9599	2224	2975	4400
3525	Station Wagon 5D XE	B25	9899	2282	3175	4650
4125	Station Wagon 5D XE (4WD)	B25	10699	2635	3725	5300
3500	Sedan 4D GXE	B21	10199	2227	3150	4600
3575	Coupe 2D XE	B24	9849	2304	3225	4700
3900	Coupe 2D SE	B24	11099	2336	3525	5050
PULSAR NX-FWD Veh. Ident.: JN1 () (Model) S () () 000001 Up.						
4350	Coupe 2D XE	N34	\$11649	2388	3925	5650
4800	Coupe 2D SE/16V	N34	12999	2566	4325	6150
STANZA-FWD Veh. Ident.: JN1H (Model) () () () 000001 Up.						
4275	Notchback 4D E	T21	\$11109	2684	3850	5575
4700	Notchback 4D GXE	T21	12999	2744	4250	6025
4450	Station Wagon XE	M05	12049	2719	4025	5750
5050	Station Wagon XE (4WD)	M05	13704	2951	4550	6425
200SX Veh. Ident.: JN1 () (Model) S () () 0000001 Up.						
4400	Notchback 2D XE	S24	\$11899	2590	3975	5700
4500	Hatchback 2D XE	S26	12149	2679	4050	5825
5075	Hatchback 2D SE (V6)	S26	14949	2954	4575	6450
MAXIMA-FWD Veh. Ident.: JN1H (Model) P () () 000001 Up.						
5500	Sedan 4D SE	U11	\$17199	3120	5850	8125
5450	Sedan 4D GXE (AT)	U11	16949	3150	5825	8075
5350	Station Wagon 4D GXE (AT)	U15	18199	3330	5725	7975
300ZX Veh. Ident.: JN1 () (Model) S () () 000001 Up.						
7750	Coupe 2D GS	Z14	\$20649	3164	6875	9500
7850	Coupe 2D 2+2 GS	Z16	21799	3265	7075	9625
8350	Coupe 2D Turbo	Z14	23149	3265	7525	10175
VAN Veh. Ident.: JNBSC26S () 0020001 Up.						
5250	Van XE	C26	\$14349	3330	4725	6525

MOUNTAIN STATES EDITION

R

1-52 NISSAN (Japanese) 1989

Av'g. Trd-In	BODY TYPE	Model No.	M.S.R.P.	Wgt.	Av'g. Loan	Av'g. Retail
1989 NISSAN-AT-PS-AC-Continued						
4075	Sedan 4D XE	B21	\$10299	2224	3675	5450
4325	Station Wagon 5D XE	B25	10724	2317	3900	5725
4825	Station Wagon 5D XE (4WD)	B25	11524	2635	4450	6400
4325	Coupe 2D XE	B24	10674	2304	3900	5725
4700	Coupe 2D SE	B24	11924	2336	4250	6150
PULSAR NX-FWD Veh. Ident.: JN1() (Model)() ()KW400101 Up.						
5275	Coupe 2D XE	N34	\$11749	2388	4750	6825
5750	Coupe 2D SE/16V	N34	12999	2566	5175	7450
STANZA-FWD Veh. Ident.: JN1H(Model)S()KT200050 Up.						
5300	Notchback 4D E	T21	\$11849	2770	4775	6950
5850	Notchback 4D GXE	T21	13799	2830	5275	7550
240SX Veh. Ident.: JN1H(Model)P()KW000101 Up.						
8950	Coupe 2D XE	S34	\$12999	2657	6275	8750
7050	Fastback 3D SE	S36	13199	2690	6350	8875
MAXIMA-FWD Veh. Ident.: JN1H(Model)P()KT200035 Up.						
9275	Sedan 4D SE	J01	\$17999	3116	8350	11425
8175	Sedan 4D GXE	J01	16999	3086	7375	10250
300ZX-5 Spd./AT Veh. Ident.: JN1() (Model)S()KX210001 Up.						
9800	Coupe 2D GS	Z14	\$22299	3164	8825	12000
9950	Coupe 2D 2+2 GS	Z16	23449	3265	8975	12150
10600	Coupe 2D Turbo	Z14	24699	3265	9550	12925
PICKUPS-5 Spd. Veh. Ident.: 1N6() (Model)() ()KC300000 Up.						
3450	Pickup Std.	D11	\$7549	2735	3125	4775
3900	Pickup Special	D11	8549	2790	3525	5275
4025	Pickup LB (V6)	D12	8549	3070	3625	5400
4475	Pickup Special LB (V6)	D12	9549	3205	4050	5900
4300	Pickup King Cab	D16	8549	2830	3875	5700
4750	Pickup King Cab Special	D16	9549	2965	4275	6200
5725	Pickup King Cab SE (V6)	D16	11249	3180	5175	7250
5350	Pickup (4WD)	D11	9999	3275	4825	6850
5800	Pickup Special (4WD)	D11	10999	3325	5225	7325
5800	Pickup (V6, 4WD)	D11	10999	3435	5225	7325
6250	Pickup Special (V6, 4WD)	D11	11999	3490	5625	7850
6200	Pickup King Cab (4WD)	D16	10999	3405	5600	7800
6550	Pickup King Cab Special (4WD)	D16	11999	3505	6000	8275
7625	Pickup King Cab SE (V6, 4WD)	D16	13699	3760	6875	8425
PATHFINDER-4WD Veh. Ident.: JN8H(Model)() ()KW100001 Up.						
9650	Utility XE (2WD)	D16	\$13899	3475	8700	11825
10850	Utility XE	D16	15399	3753	9775	13200
11725	Utility SE	D16	18449	3810	10575	14200
300	Add Automatic Trans. (Pickup)			300	300	
50	Add Stereo Tape (Std. GXE, Maxima, ZX, Pathfinder, Pksp Special 4WD/SE 2WD)			50	50	
100	Add Compact Disc Player			100	100	
125	Add Sunroof (Std. Sentra SE)			125	125	
325	Add Power Sunroof (Std. Maxima SE)			325	325	
150	Add Leather Seats			150	150	
100	Add Custom Wheels			100	100	
50	Add Power Door Locks (Std. Stanza GXE, Maxima, ZX, Path SE)			50	50	
75	Add Power Windows (Std. Stanza GXE, Maxima, ZX, Path SE)			75	75	
75	Add Power Seats			75	75	
75	Add Cruise Control (Std. Stanza GXE, Maxima, ZX, Path SE, Pksp SE)			75	75	
350	Deduct W/out Automatic Trans.			350	350	
100	Deduct W/out Power Steering			100	100	
475	Deduct W/out Air Conditioning			475	475	

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NISSAN (Japanese) 1988 1-53

Av'g. Trd-In	BODY TYPE	Model No.	M.S.R.P.	Wgt.	Av'g. Loan	Av'g. Retail
1988 NISSAN-AT-PS-AC						
SETRA-FWD Veh. Ident.: ()N()P(Model)() ()J()001001 Up.						
2050	Sedan 2D (4 Spd.)	B22	\$6499	2156	1850	3175
2975	Sedan 2D E	B22	7299	2178	2700	4200
3075	Sedan 4D E	B21	8499	2208	2775	4375
2875	Hatchback 3D E	B26	7199	2192	2600	4075
3300	Station Wagon 5D E	B25	8949	2317	2975	4600
3325	Sedan 2D XE	B22	8999	2197	3000	4650
3425	Sedan 4D XE	B21	9599	2224	3100	4750
3650	Station Wagon 5D XE	B25	9899	2282	3300	5000
3825	S/W 5D XE (5 Spd., 4WD)	B25	10699	2635	3450	5175
3825	Sedan 4D GXE	B21	10199	2227	3275	4975
3700	Coupe 2D XE	B24	9849	2304	3350	5050
4025	Coupe 2D SE	B24	11099	2336	3625	5400
PULSAR NX-FWD Veh. Ident.: JN1() (Model)S()JW000001 Up.						
4250	Coupe 2D XE	N34	\$11649	2388	3825	5800
4700	Coupe 2D SE/16V	N34	12999	2566	4250	6275
STANZA-FWD Veh. Ident.: JN()H(Model)() ()J()000001 Up.						
4300	Notchback 4D E	T21	\$11109	2684	3875	5850
4725	Notchback 4D GXE	T21	12999	2744	4275	6300
4475	Station Wagon XE	M05	12049	2719	4050	6025
5025	Station Wagon XE (4WD)	M05	13704	2951	4525	6650
200SX Veh. Ident.: JN1() (Model)S()JW000001 Up.						
4400	Notchback 2D XE	S24	\$11899	2590	3975	5950
4500	Hatchback 2D XE	S26	12149	2679	4050	6050
5075	Hatchback 2D SE (V6)	S26	14949	2954	4575	6700
MAXIMA-FWD Veh. Ident.: JN1H(Model)P() ()J()000001 Up.						
6175	Sedan 4D SE	U11	\$17199	3120	5575	8050
5675	Sedan 4D GXE	U11	16949	3150	5125	7500
5575	Station Wagon 4D GXE	U15	18199	3330	5025	7400
300ZX-5 Spd./AT Veh. Ident.: JN1() (Model)S()JX200001 Up.						
7125	Coupe 2D GS	Z14	\$20649	3164	6425	9100
7225	Coupe 2D 2+2 GS	Z16	21799	3265	6525	9200
7725	Coupe 2D Turbo	Z14	23149	3265	6975	9750
VAN Veh. Ident.: JN8SC26S()JW020001 Up.						
5300	Van XE	C26	\$14349	3330	4775	6950
PICKUPS-5 Spd. Veh. Ident.: ()N6() (Model)() ()J()000001 Up.						
3000	Pickup Std. (4 Spd.)	D11	\$7199	2715	2700	4225
3375	Pickup E	D11	7499	2735	3050	4700
3500	Pickup E LB	D12	8199	2785	3150	4825
4175	King Cab E	D16	8499	2825	3775	5575
4600	King Cab XE	D16	9949	2915	4150	6025
5100	King Cab SE (V6)	D16	11099	3170	4600	6575
5175	Pickup E (4WD)	D11	9999	3275	4875	6650
5575	Pickup E (V6, 4WD)	D11	10999	3545	5025	7100
6100	Pickup SE (V6, 4WD)	D11	12649	3555	5500	7675
5300	Pickup E LB (4WD)	D12	10699	3385	4775	6800
5875	King Cab E (4WD)	D16	10999	3400	5400	7525
6400	King Cab XE (4WD)	D16	12499	3445	5775	8000
6900	King Cab SE (V6, 4WD)	D16	13599	3750	6225	8550
PATHFINDER-4WD Veh. Ident.: JN8H16Y()JW000001 Up.						
8850	Utility XE	D16	\$14999	3735	7800	10750
9275	Utility SE	D16	17049	3810	8350	11425
250	Add Automatic Trans. (Pickup)			250	250	
350	Add GXE Pkg. (Van)			350	350	
275	Deduct W/out Automatic Trans.			275	275	

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IMPORTS

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1-56 NISSAN (Japanese) 1990-89

Trd-In	BODY TYPE	Model No.	M.S.R.P.	Wgt.	Loan	Retail
1990 NISSAN-AT-PS-AC-Continued						
60	Add Stereo Tape (Std. GXE, Maxima, ZX, Path, Pnp SE, Axxess)			50	50	
125	Add Sunroof (Std. Sentra SE, Path SE)			125	125	
350	Add Power Sunroof (Std. Maxima SE, Axxess SE)			350	350	
150	Add Leather Seats			150	150	
100	Add Custom Wheels			100	100	
50	Add Power Door Locks (Stanza XE, SX, Path XE, Pickup SE)			50	50	
75	Add Power Windows (Stanza XE, SX, Path XE, Pnp SE, Axxess)			75	75	
75	Add Power Seats			75	75	
75	Add Cruise Control (Stanza XE, SX, Axxess)			75	75	
500	Add Dual Sunroof (Van)			500	500	
550	Add SE Pkg. (Axxess)			550	550	
250	Add Anti-Lock Brakes (Std. 300ZX)			250	250	
350	Deduct W/out Automatic Trans.			350	350	
100	Deduct W/out Power Steering			100	100	
475	Deduct W/out Air Conditioning			475	475	

1989 NISSAN-AT-PS-AC

SENTRA-FWD Veh. Ident.: (N)(G)(Model)() (K)()000001 Up.						
1950	Sedan 2D (4 Spd.)	B22	\$6849	2156	1775	3050
3150	Sedan 2D E	B22	7999	2178	2850	4450
3250	Sedan 4D E	B21	8549	2208	2925	4550
3500	Station Wagon 5D E	B25	9224	2282	3150	4825
3550	Sedan 2D XE	B22	9649	2197	3200	4875
3650	Sedan 4D XE	B21	10299	2224	3300	5000
3900	Station Wagon 5D XE	B25	10724	2317	3525	5275
4450	Station Wagon 5D XE (4WD)	B25	11524	2635	4025	5875
3900	Coupe 2D XE	B24	10674	2304	3525	5275
4275	Coupe 2D SE	B24	11924	2336	3850	5875
PULSAR NX-FWD Veh. Ident.: JN1() (Model)() ()KW400101 Up.						
4425	Coupe 2D XE	N34	\$11749	2388	4000	5875
4800	Coupe 2D SE/16V	N34	12999	2566	4425	6500
STANZA-FWD Veh. Ident.: JN1H(Model)(S)()KT200050 Up.						
4825	Notchback 4D E	T21	\$11849	2770	4350	6425
5375	Notchback 4D GXE	T21	13799	2830	4850	7025
240SX Veh. Ident.: JN1H(Model)(P)()KW000101 Up.						
5175	Coupe 2D XE	S34	\$12999	2657	5575	7925
6275	Fastback 3D SE	S36	13199	2690	5650	8025
MAXIMA-FWD Veh. Ident.: JN1H(Model)(P)()KT200035 Up.						
8025	Sedan 4D SE	J01	\$17999	3116	7225	10075
7025	Sedan 4D GXE	J01	16999	3086	6325	9000
300ZX-5 Spd./AT Veh. Ident.: JN1() (Model)(S)()KX210001 Up.						
8875	Coupe 2D GS	Z14	\$22299	3164	8000	11000
8975	Coupe 2D 2+2 GS	Z16	23449	3265	8100	11100
9675	Coupe 2D Turbo	Z14	24699	3265	8725	11875
PICKUPS-5 Spd. Veh. Ident.: IN6() (Model)() ()KC300000 Up.						
3625	Pickup Std.	D11	\$7549	2735	3275	4875
4075	Pickup Special	D11	8549	2790	3675	5450
4200	Pickup LB (V6)	D12	8549	3070	3800	5800
4550	Pickup Special LB (V6)	D12	9549	3205	4200	6100
4575	Pickup King Cab	D16	8549	2830	4125	6000
5025	Pickup King Cab Special	D16	9549	2965	4525	6500
6000	Pickup King Cab SE (V6)	D16	11249	3180	5400	7550
5525	Pickup (4WD)	D11	9999	3275	4975	7025
5975	Pickup Special (4WD)	D11	10999	3325	5400	7525
5975	Pickup (V6, 4WD)	D11	10999	3435	5400	7525
6425	Pickup Special (V6, 4WD)	D11	11999	3490	5800	8025

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NISSAN (Japanese) 1989-88 1-57

Trd-In	BODY TYPE	Model No.	M.S.R.P.	Wgt.	Loan	Retail
1989 NISSAN-AT-PS-AC-Continued						
6475	Pickup King Cab (4WD)	D16	\$10999	3405	5850	8075
6925	Pickup King Cab Special (4WD)	D16	11999	3505	6250	8575
7900	Pickup King Cab SE (V6, 4WD)	D16	13699	3760	7125	9725
PATHFINDER-4WD Veh. Ident.: JN8H(Model)() ()KW100001 Up.						
8800	Utility XE (2WD)	D16	\$13899	3475	7925	10925
10000	Utility XE	D16	15399	3753	9000	12225
10875	Utility SE	D16	18449	3810	9800	13150
250	Add Automatic Trans. (Pickup)				250	250
300	Deduct W/out Automatic Trans.				300	300
425	Deduct W/out Air Conditioning				425	425

1988 NISSAN

SENTRA-FWD Veh. Ident.: (N)()P(Model)() ()J1()001001 Up.						
1775	Sedan 2D	B22	\$6499	2156	1600	2850
2525	Sedan 2D E	B22	7299	2178	2275	3700
2525	Sedan 4D E	B21	8499	2208	2375	3800
2425	Hatchback 3D E	B26	7199	2192	2200	3600
2850	Station Wagon 5D E	B25	8949	2317	2575	4050
2875	Sedan 2D XE	B22	8999	2197	2600	4075
2975	Sedan 4D XE	B21	9599	2224	2700	4200
3200	Station Wagon 5D XE	B25	9899	2282	2900	4500
3500	Station Wagon 5D XE (4WD)	B25	10699	2635	3250	4950
3175	Sedan 4D GXE	B21	10199	2227	2875	4475
3250	Coupe 2D XE	B24	9849	2304	2925	4550
3575	Coupe 2D SE	B24	11099	2336	3225	4900
PULSAR NX-FWD Veh. Ident.: JN1() (Model)(S)()JM000001 Up.						
3525	Coupe 2D XE	N34	\$11649	2388	3175	4950
3975	Coupe 2D SE/16V	N34	12999	2566	3600	5450
STANZA-FWD Veh. Ident.: JN1H(Model)() ()J1()000001 Up.						
3825	Notchback 4D E	T21	\$11109	2684	3450	5300
4250	Notchback 4D GXE	T21	12999	2744	3825	5800
4000	Station Wagon XE	M05	12049	2719	3600	5475
4500	Station Wagon XE (4WD)	M05	13704	2951	4050	6050
200SX Veh. Ident.: JN1() (Model)(S)()JW000001 Up.						
3875	Notchback 2D XE	S24	\$11899	2590	3500	5350
3975	Hatchback 2D XE	S26	12149	2679	3600	5450
4550	Hatchback 2D SE	S26	14949	2954	4100	6125
MAXIMA-FWD Veh. Ident.: JN1H(Model)(P)() ()J1()000001 Up.						
5550	Sedan 4D SE	U11	\$17199	3120	5100	7475
5150	Sedan 4D GXE	U11	16949	3150	4650	6925
5125	Station Wagon 4D GXE	U15	18199	3330	4625	6900
300ZX Veh. Ident.: JN1() (Model)(S)()JX200001 Up.						
6950	Coupe 2D GS	Z14	\$20649	3164	6275	8900
7000	Coupe 2D 2+2 GS	Z16	21799	3265	6300	8950
7550	Coupe 2D Turbo	Z14	23149	3265	6800	9550
VAN Veh. Ident.: JN8SC26S()J4020001 Up.						
3025	Van XE	C26	\$14349	3330	2725	4400
PICKUPS Veh. Ident.: ()N6() (Model)() ()J1()000001 Up.						
2850	Pickup Std.	D11	\$7199	2715	2875	4050
3225	Pickup E	D11	7499	2735	2925	4525
3350	Pickup E LB	D12	8199	2785	3025	4675
4125	King Cab E	D16	8499	2825	3725	5525
4550	King Cab XE	D16	9949	2915	4100	5975
5050	King Cab SE (V6)	D16	11099	3170	4550	6525
5025	Pickup E (4WD)	D11	9999	3275	4525	6500

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T-94 NISSAN (Japanese) 1995-92

Trd-In	BODY TYPE	Model No.	M.S.R.P.	Wgt.	Loan	Retail
1995 NISSAN-AT-PS-AC-Continued						
15975	Pickup King Cab SE (V6, 4WD)	D16	\$18019	3805	14400	18625
16625	Pickup King Cab SE (V6, 4WD)	D16	20599	3895	14875	19200
500	Add Automatic Trans.				500	500

1994 NISSAN-AT-PS-AC

PATHFINDER: 4WD W.B. 104.3. 6 Cyl. 181 CID (3.0L). Tires 235/R15						
10675	Utility 4D XE (2WD)	D17	\$19429	3885	14025	18200
17275	Utility 4D XE	D17	21099	3930	16550	20050
18475	Utility 4D SE	D17	25009	3995	16850	21350
20375	Utility 4D LE	D17	28999	4215	18350	23350

QUEST: W.B. 112.2. 6 Cyl. 181 CID (3.0L). Tires 205/75R15

15000	Van XE	M11	\$18529	3783	13500	17575
16375	Van GXE	M11	23039	3970	14750	19050
300	Add 4 Wheel ABS (Std. GXE)				300	300

PICKUPS: 5 Spd. W.B. 104.3-116.1. 4 Cyl. 146 CID (2.4L). Tires 195/75R14

8050	Pickup Std.	D11	\$9359	2970	7250	10125
8750	Pickup XE	D11	10129	2970	7875	10900
8900	Pickup LB (V6)	D12	11189	3115	8025	11050
10450	Pickup King Cab XE	D16	11679	2885	9425	12725
11475	Pickup King Cab SE (V6)	D16	14279	3235	10350	13850
11550	Pickup XE (4WD)	D11	13619	3390	10400	13925
13250	Pickup King Cab XE (4WD)	D16	15089	3525	11925	15725
14000	Pickup King Cab XE (V6, 4WD)	D16	15879	3765	12600	16525
14275	Pickup King Cab SE (V6, 4WD)	D16	16379	3855	12850	16800
450	Add Automatic Trans.				450	450

1993 NISSAN-AT-PS-AC

PATHFINDER: 4WD W.B. 104.3. 6 Cyl. 181 CID (3.0L). Tires 235/75R15						
14475	Utility 4D XE (2WD)	D17	\$18090	3520	13050	17025
16075	Utility 4D XE	D17	19810	3795	14475	18725
17275	Utility 4D SE	D17	23230	3850	16550	20050

QUEST: FWD W.B. 112.2. 6 Cyl. 181 CID (3.0L). Tires 205/75R15

14175	Van XE	M11	\$17145	3979	12775	16700
15675	Van GXE	M11	21450	3990	14125	18300

PICKUPS: 5 Spd. W.B. 104.3-116.1. 4 Cyl. 146 CID (2.4L). Tires 195/75R14

7050	Pickup Std.	D11	\$9195	2755	6350	9025
7800	Pickup LB (V6)	D12	10665	3090	7025	9850
8500	Pickup King Cab	D16	11495	2850	7650	10625
10300	Pickup King Cab SE (V6)	D16	14055	3175	9275	12550
9525	Pickup Std. (4WD)	D11	12550	3360	8575	11725
10975	Pickup King Cab (4WD)	D16	14655	3490	9900	13300
12775	Pickup King Cab SE (4WD, V6)	D16	16200	3815	11500	15225
400	Add Automatic Trans.				400	400

1992 NISSAN-AT-PS-AC

PATHFINDER: 4WD W.B. 104.3. 6 Cyl. 181 CID (3.0L). Tires 235/75R15						
13625	Utility 4D XE (2WD)	D17	\$17265	3520	12275	16125
15125	Utility 4D XE	D17	18910	3795	13625	17725
16300	Utility 4D SE	D17	21980	3850	14875	18875

PICKUPS: 5 Spd. W.B. 104.3-116.1. 4 Cyl. 146 CID (2.4L). Tires 195/75R14

8375	Pickup Std.	D11	\$8865	2740	6750	9275
7075	Pickup LB (V6)	D12	10280	3070	6375	9050
7625	Pickup King Cab	D16	10525	2835	6875	9650

SEE PAGE T-2 FOR ADDITIONAL OPTIONS
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NISSAN (Japanese) 1992-89 T-95

Trd-In	BODY TYPE	Model No.	M.S.R.P.	Wgt.	Loan	Retail
1992 NISSAN-AT-PS-AC-Continued						
9050	Pickup King Cab SE (V6)	D16	\$13505	3175	8150	11225
8725	Pickup Std. (4WD)	D11	11880	3300	7875	10850
9975	Pickup King Cab (4WD)	D16	13765	3430	9000	12225
11400	Pickup King Cab SE (V6, 4WD)	D16	15620	3760	10275	13750
350	Add Automatic Trans.				350	350

1991 NISSAN-AT-PS-AC

PATHFINDER: 4WD W.B. 104.3. 6 Cyl. 181 CID (3.0L). Tires 235/75R15						
12425	Utility 4D XE (2WD)	D17	\$16120	3520	11200	14850
13825	Utility 4D XE	D17	17695	3795	12450	16325
14875	Utility 4D SE	D17	20549	3850	13225	17250

PICKUPS: 5 Spd. W.B. 104.3-116.1. 4 Cyl. 146 CID (2.4L). Tires 195/75R15

5700	Pickup Std.	D11	\$8279	2740	5150	7525
6350	Pickup LB (V6)	D12	9624	3070	5725	8250
6850	Pickup King Cab	D16	9849	2835	6175	8800
8250	Pickup King Cab SE (V6)	D16	12699	3175	7425	10350
7900	Pickup Std. (4WD)	D11	11124	3300	7125	9850
9050	Pickup King Cab (4WD)	D16	12949	3430	8150	11225
10450	Pickup King Cab SE (V6, 4WD)	D16	14749	3760	9425	12725
275	Add Automatic Trans.				275	275

1990 NISSAN-AT-PS-AC

PATHFINDER: 4WD W.B. 104.3. 6 Cyl. 181 CID (3.0L). Tires 235/75R15						
11375	Utility 4D XE (2WD)	D17	\$15720		10250	13725
12675	Utility 4D XE	D17	17295		11425	15100
12850	Utility 2D SE	D16	21814		11675	15300
13350	Utility 4D SE	D17	20149		12025	15825

PICKUPS: 5 Spd. W.B. 104.3-116.1. 4 Cyl. 146 CID (2.4L). Tires 195/75R14

4650	Pickup Std.	D11	\$8149	2740	4200	6375
5250	Pickup LB (V6)	D12	9524	3070	4725	7025
5650	Pickup King Cab	D16	9749	2835	5100	7475
7025	Pickup King Cab SE (V6)	D16	12599	3175	6325	9000
6750	Pickup Std. (4WD)	D11	10574	3300	6075	8700
7250	Pickup (V6, 4WD)	D11	12574	3460	6525	9250
7750	Pickup King Cab (4WD)	D16	12599	3430	6875	9800
9125	Pickup King Cab SE (V6, 4WD)	D16	14749	3760	8225	11300
225	Add Automatic Trans.				225	225

1989 NISSAN

PATHFINDER: 4WD W.B. 104.3. 6 Cyl. 181 CID (3.0L). Tires 235/75R15						
8500	Utility XE (2WD)	D16	\$13899	3475	7650	10525
9700	Utility XE	D16	15399	3753	8750	11925
10575	Utility SE	D16	18449	3810	9525	12850

PICKUPS: W.B. 104.3-116.1. 4 Cyl. 146 CID (2.4L). Tires 195/75R14

3800	Pickup Std.	D11	\$7549	2735	3425	5400
4250	Pickup Special	D11	8549	2790	3825	5925
4350	Pickup LB (V6)	D12	8549	3070	3925	6025
4800	Pickup Special LB (V6)	D12	9549	3205	4325	6525
4750	Pickup King Cab	D16	8549	2830	4275	6475
5200	Pickup King Cab Special	D16	9549	2965	4700	6875
6175	Pickup King Cab SE (V6)	D16	11249	3180	5575	8050
5800	Pickup (4WD)	D11	9999	3275	5225	7625
6250	Pickup Special (4WD)	D11	10999	3325	5525	8150
6250	Pickup (V6, 4WD)	D11	10999	3435	5525	8150

SEE PAGE T-2 FOR ADDITIONAL OPTIONS
MOUNTAIN STATES EDITION

T
R
U
C
K
S

FEB 05 '97 15:57 FLATHEAD COUNTY

P.2/2

Flathead County
Board of Commissioners
(406) 758-5503

Howard W. Gipe
Robert W. Watne
Dale W. Williams



February 5, 1997

Honorable Chase Hibbard
House Taxation Committee

RE: Senate Bill 57

Mr. Chairman and Members of the Committee:

We have reviewed SB 57 and wish to make the following comments.

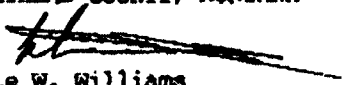
For years, the County departments have received undue criticism, not only for the high cost of vehicle registration, but also because of the time wasted by county residents running from the Treasurer to the Assessor and back again to the Treasurer in order to secure licenses on new or used vehicles.

This bill would certainly appear to simplify the procedure, as well as simplify the judgement as to values.

While it is noted that Flathead County would suffer an initial loss of revenue of just over \$59,000.00, we note that the actual proportionate loss to the County would be slightly under \$12,000.00, which amounts to 1/10th of 1% of our total licenses collected.

We urge you to PASS SB 57.

Sincerely,
BOARD OF COMMISSIONERS
FLATHEAD COUNTY, MONTANA


Dale W. Williams
District 1
County Board of Commissioners

DWW:ecm



BOARD OF COUNTY COMMISSIONERS
200 W BROADWAY ST
MISSOULA MT 59802-4292

PHONE: (406) 721-5700

FAX: (406) 721-4043

BCC 97-052

February 4, 1997

Representative Chase Hibbard, Chair
House Taxation Committee
Montana State Legislature
Helena, MT 59620

Dear Representative Hibbard, and Members of the Committee,

We are writing in support of Senate Bill 57 which would put large trucks on a flat fee and light cars and trucks on a depreciated schedule based on MSRP (manufacturers suggested retail price.)

Although this bill might result in a small loss of revenue for us, we see the convenience to the public as a benefit that can't be measured by dollars. Currently 40% of the folks in Missoula County who buy new vehicles must first go to the Assessor's Office for assessment before they can be processed by the Motor Vehicle Office. This bill will allow every renewal notice to carry the assessed value so the public can simply mail in their registration fee. This will be tied in with the Department of Justice Computer System which will result in a much more expedient process for the customer.

Another benefit for the taxpayer will be that their vehicles will depreciate for taxes just as it does for re-sale. We recently had a 1990 Toyota truck pay higher taxes than was paid the year before. As you can imagine, this was unsettling for the owner.

Our Clerk and Recorder/Treasurer believes passage of this bill will reduce the number of complaints received by her office. The Department of Revenue is unable to give assessments on the phone, so when customers come to the Courthouse and do not realize they must have their assessment done prior to registering, sometimes they wait in line for as long as 20 minutes then have to be sent to another office for assessment before the transaction can be complete. This not only inconveniences them, but the other folks in line.

Again, we ask for your support of SB 57. Thank you for this opportunity to express our views.

Sincerely,

BOARD OF COUNTY COMMISSIONERS

Fern Hart, Chair

Michael Kennedy, Commissioner

Barbara Evans, Commissioner

VISITOR REGISTER

HOUSE TAXATION COMMITTEE

DATE: 2/7/97

BILL NO: SB 57 SPONSOR: Sen. Waterman

NAME AND ADDRESS (PLEASE PRINT)	REPRESENTING	TYPE OF WITNESS		
		Informa- tional	Support	Oppose
PATRICIA COOK	Montana County Treasurer's Assoc		✓	
DAVE GALT	MOT		✓	
BUD SCHOEN	MOTOR VEHICLE DIV.		✓	
Sharon Ferguson	DOR		✓	
Ben Haddahl	MT Motor Carriers Assn		✓	
Bob Gilbert	MT Tow Truck Assn		X	
Gordon Morris	MACO		X	
James Buser	MTORTAX			X
Steve Turkiewicz	Mt. Auto Dealers Assn		✓	
Jerry Dunsell	SELF			✓
Mary Bryson	DOR	✓		

Please leave prepared testimony with secretary.
Witness statement forms are available if you care to submit written testimony.

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Chase Hibbard, on March 14, 1997, at 8:00 a.m., in Room 437.

ROLL CALL

Members Present:

Rep. Chase Hibbard, Chairman (R)
Rep. Robert R. Story, Jr., Vice Chairman (Majority) (R)
Rep. Robert R. "Bob" Ream, Vice Chairman (Minority) (D)
Rep. Peggy Arnott (R)
Rep. Paul Bankhead (R)
Rep. John C. Bohlinger (R)
Rep. Bill Carey (D)
Rep. Alvin A. Ellis, Jr. (R)
Rep. Marian W. Hanson (R)
Rep. Hal Harper (D)
Rep. Dan W. Harrington (D)
Rep. Rick Jore (R)
Rep. Scott J. Orr (R)
Rep. Bob Raney (D)
Rep. John "Sam" Rose (R)
Rep. Richard D. Simpkins (R)
Rep. Emily Swanson (D)
Rep. Lila V. Taylor (R)
Rep. Jack Wells (R)

Members Excused: Rep. William "Bill" Ryan (D)

Members Absent: None.

Staff Present: Lee Heiman, Legislative Services Division
Donna Grace, Committee Secretary

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 603 (3/12)

Executive Action: HB 433 - Removed from the
table and passed
SB 57 - Concur
HB 498 - Table
HB 393 - Table
SB 195 - Do Pass as Amended
SB 319 - Table
HB 443 - Table
HB 589 - Table
HB 590 - Do Pass as Amended

HEARING ON HB 603

Opening Statement by Sponsor:

Rep. Rick Jore, House District 73, opened the hearing on HB 603, a bill which would amend the constitution to prohibit property tax. {Tape: 1; Side: A; Approx. Time Count: 1.7.}

Proponents' Testimony:

None.

Opponents' Testimony:

Bob Gilbert, Montana Woolgrowers. {Tape: 1; Side: A; Approx. Time Count: 15.5.}

Eric Feaver, Montana Education Association. {Tape: 1; Side: A; Approx. Time Count: 16.2.}

Ralph Peck, Director, Department of Agriculture. {Tape: 1; Side: A; Approx. Time Count: 20.6.}

Laurence Peterson, Board of Livestock. EXHIBIT 1. {Tape: 1; Side: A; Approx. Time Count: 26.4.}

Informational Testimony:

None.

Questions From Committee Members and Responses:

{Tape: 1; Side: A; Approx. Time Count: 28.0; Comments: Questions continued on Tape 1 B.}

Closing by Sponsor:

Rep. Jore closed the hearing. {Tape: 1; Side: B; Approx. Time Count: 9.9.}

EXECUTIVE ACTION ON SB 57 AND HB 498

Discussion:

Rep. Story presented the report of the sub-committee appointed to consider SB 57 and HB 498. EXHIBIT 2. {Tape: 1; Side: B; Approx. Time Count: 15.1.}

Motion/Vote:

Rep. Story moved to table HB 498. The motion passed 20 - 0. {Tape: 1; Side: B; Approx. Time Count: 18.7.}

Motion:

Rep. Ream moved that SB 57 be concurred in. {Tape: 1; Side: B; Approx. Time Count: 22.0.}

Discussion:

Mary Whittinghill, Department of Revenue, was asked to comment on the bill. {Tape: 1; Side: B; Approx. Time Count: 22.5; Comments: Discussion continued on Tape 2 A.}

Motion/Vote:

Rep. Simpkins moved to table SB 57. The motion failed 14 - 6, with Reps. Orr, Arnott, Wells, Jore, Simpkins and Bankhead voting yes. {Tape: 2; Side: A; Approx. Time Count: 13.0.}

Vote:

Rep. Ream's concurred in motion carried 14 - 6, with Reps. Orr, Arnott, Wells, Jore, Simpkins and Bankhead voting no. {Tape: 2; Side: A; Approx. Time Count: 14.0.}

DISCUSSION OF PROPERTY TAX BILLS

SB 195, SB 211, HB 443, HB 590, HB 589, SB 319

Chairman Hibbard made a statement on the status of action to date on property tax bills. He presented an unofficial gray bill, SB 195, for the Committee consideration. EXHIBIT 3. {Tape: 2; Side: A; Approx. Time Count: 16.0.}

Mr. Heiman discussed the bill and the changes which had been made. {Tape: 2; Side: A; Approx. Time Count: 21.7; Comments: Discussion continued on Tape 3 A and 3 B. Tape 2 B malfunctioned and contains no information.}

EXECUTIVE ACTION ON SB 195Motion:

Rep. Ellis moved that SB 195 be concurred in. {Tape: 3; Side: B; Approx. Time Count: 1.9.}

Motion:

Rep. Story moved the bill with the proposed amendments to SB 195. EXHIBIT 4. {Tape: 3; Side: b; Approx. Time Count: 3.0.}

Discussion:

Rep. Ream indicated there could be a problem with forest productivity in the bill. {Tape: 3; Side: B; Approx. Time Count: 5.4.}

96L-32
MOTOR VEHICLE AD VALOREM FEE ANALYSIS

DATE:
TIME:

11/26/96 EXHIBIT 2
11:30 AM DATE 3/14/97
SB 57

YEAR	FEE*	YEAR	FEE*
NEW+	273	YEAR 6	152
YEAR 2	240	YEAR 7	152
YEAR 3	240	YEAR 8	102
YEAR 4	194	YEAR 9	102
YEAR 5	194	YEAR 10	53
		YEAR 11+	53

	2% TAX	AD VALOREM FEE	% CHANGE
TOTAL REVENUE	\$63,927,874	\$63,934,132	0.01%

NUMBER OF COUNTIES WITH REVENUE CHANGES:

INCREASE: MORE THAN 10%	2
5% TO 10%	5
2% TO 5%	8
1% TO 2%	3
NO SIGNIFICANT CHANGE: -1% TO 1	10
DECREASE: -1% TO -2%	5
-2% TO -5%	15
-5% TO -10%	6
MORE THAN 10%	2

\$50,000 OR MORE	5
\$25,000 TO \$50,000	4
\$10,000 TO \$25,000	4
\$5,000 TO \$10,000	4
-\$5,000 TO \$5,000	13
-\$10,000 TO -\$5,000	4
-\$10,000 TO -\$25,000	13
-\$25,000 TO -\$50,000	4
MORE THAN -\$50,000	5

*FEES LISTED INCLUDE \$19 TO REPLACE FEES OTHER THAN 2% AD VALOREM. THE 19 DOES NOT INCLUDE THE JUNK VEHICLE OR SPECIAL PLATE FEES.

+THE FEE FOR NEW VEHICLES IS THE AVERAGE NEW VEHICLE TAX PER VEHICLE. REQUESTOR DID NOT CONTEMPLATE A CHANGE IN THE NEW VEHICLE TAX.

PREPARED FROM UNAUDITED DEPARTMENT OF JUSTICE MOTOR VEHICLE FILES
AND COUNTY ACCOUNTING DATA

TO: SCOTT SEACAT

FROM: JOHN FINE

RE: MOTOR VEHICLE FLAT FEE EFFECTS

DATE: NOVEMBER 26, 1996

Replacing the 2% property tax on motor vehicles with a flat fee system has these effects.

-A flat fee system would be easier to administer: there would be no need to assess each vehicle.

-Costs could be reduced for local assessors offices because vehicles would not need to be assessed.

-A flat fee system would facilitate the customer options for vehicle owners, such as the licensing of all vehicles at one time or multi-year (or "lifetime") licensing.

-With a flat fee system, computerized point of sale licensing would be possible, allowing owners to license vehicles at more locations, including private vendors.

-Mail licensing would be more efficient since the process would not be slowed by the issuance of new blue book.

-A flat fee system imposes a freeze on motor vehicle fees. The fees would not vary with the price or value of vehicles unless the legislature indexed the fee structure in statute.

-A flat fee system could be integrated with flat fee licensing currently in effect on other vehicles, such as recreational vehicles, ATVs, snowmobiles and boats.

-A flat fee system would cause the fee to not be deductible for federal income tax purposes. This would cause federal income taxes to increase and state income taxes to decrease for taxpayers who itemize their deductions.

-A flat fee is not subject to manipulation or inconsistencies. A recent audit showed such inconsistencies in manufacturers suggested retail price.

-With a flat fee system, collections in excess of the base year in certain counties could be distributed to counties with a deficiency in relation to the base year. Any additional amounts arising from increases in the number of registered vehicles could be distributed pro rata to all counties.

-By implementing a flat fee for trailers also, the advantages of flat fee would extend to all common household vehicles. Motorcycles, ATVs, and boats have already been charged a flat fee rather than a tax.

DIFFERENCE BETWEEN
1995 TAX REVENUE AND
PROJECTED FEE REVENUE
HB 498 MODEL

96L-32

07:30 AM
02/19/97

SILVER BOW	\$140,091	6.02%
CASCADE	\$560,144	11.60%
YELLOWSTONE	\$221,104	2.39%
MISSOULA	(\$71,887)	-1.13%
LEWIS AND CLARK	(\$21,737)	-0.54%
GALLATIN	(\$358,036)	-7.64%
FLATHEAD	(\$331,074)	-5.79%
FERGUS	(\$6,301)	-0.67%
POWDER RIVER	(\$22,295)	-9.73%
CARBON	(\$15,112)	-1.90%
PHILLIPS	(\$19,001)	-4.59%
HILL	(\$27,185)	-2.30%
RAVALLI	(\$65,336)	-2.75%
CUSTER	\$53,295	6.47%
LAKE	\$302	0.02%
DAWSON	\$27,221	3.67%
ROOSEVELT	(\$20,184)	-3.80%
BEAVERHEAD	(\$35,065)	-4.80%
CHOTEAU	(\$16,574)	-3.08%
VALLEY	\$14,081	2.11%
TOOLE	(\$26,467)	-5.46%
BIG HORN	\$3,357	0.63%
MUSSELSHELL	\$5,368	1.56%
BLAINE	(\$8,064)	-1.94%
MADISON	(\$84,630)	-11.70%
PONDERA	\$1,262	0.27%
RICHLAND	\$5,100	0.58%
POWELL	\$9,482	2.11%
ROSEBUD	\$18,600	2.65%
DEER LODGE	\$47,419	7.14%
TETON	(\$8,617)	-1.58%
STILLWATER	\$42,692	6.63%
TREASURE	(\$320)	-0.37%
SHERIDAN	(\$19,040)	-4.20%
SANDERS	\$2,624	0.37%
JUDITH BASIN	(\$613)	-0.26%
DANIELS	(\$10,204)	-4.35%
GLACIER	\$12,054	2.33%
FALLON	(\$10,926)	-3.55%
SWEET GRASS	(\$15,376)	-4.72%
MCCONE	(\$5,186)	-2.25%
CARTER	(\$4,031)	-3.08%
BROADWATER	(\$13,746)	-4.05%
WHEATLAND	\$5,998	3.27%
PRAIRIE	(\$2,157)	-1.68%
GRANITE	\$10,962	4.56%
MEAGHER	(\$11,784)	-6.55%
LIBERTY	(\$26,995)	-11.87%
PARK	\$513	0.04%
GARFIELD	\$1,847	1.44%
JEFFERSON	(\$20,245)	-2.58%
WIBAUX	\$1,675	1.75%
GOLDEN VALLEY	(\$2,089)	-2.59%
MINERAL	\$35,062	15.93%
PETROLEUM	(\$3,579)	-5.62%
LINCOLN	\$69,861	5.60%

AUTOMOBILE/LIGHT TRUCKS

present law

SB 57

Flat tax + 19%

	1995	1995		1995		1995
YEAR/MAKE/MODEL	TRADE-IN	Actual TAX	MSRP	Proposed TAX	Difference	Flat FEE
1994 CHEV CAVALIER	\$8,275	\$166	\$8,995	\$144	(\$22)	\$221
1993 CHRYS LEBARON	9,875	198	15,191	210	12	221
1991 FORD THUNDERBIRD	7,325	147	15,318	150	4	175
1990 FORD ESCORT	2,425	49	7,402	61	12	133
1992 PLYMOUTH COLT	4,125	83	7,302	85	2	175
1992 MERCEDES	20,750	415	34,900	405	(10)	175
1990 VW JETTA	5,675	114	10,295	84	(29)	133
1991 LEXUS	25,300	506	38,000	372	(134)	175
1994 EAGLE TALON	10,425	209	11,892	190	(18)	221
1989 FORD FESTIVA	1,800	36	6,964	46	10	133
1984 FORD ESCORT	500	10	5,629	14	4	34
1981 DODGE DIPLOMAT	500	10	6,910	12	2	34
1980 CHRY NEW YORK	500	10	6,840	12	2	34
1987 TOYOTA VAN	2,225	45	9,548	40	(4)	83
1987 CHEV ½ TON	\$4,900	\$98	\$10,077	\$87	(\$11)	\$83
1979 CHEV ½ TON	875	18	5,777	14	(4)	34
1988 DODGE RAM50	2,700	54	6,845	67	13	83
1992 CHEV ½ TON	12,575	252	14,045	225	(27)	175
1994 GMC SIERRA ½ TON	16,750	335	17,882	325	(10)	221
1990 FORD ½ TON	7,925	159	11,435	151	(8)	133
1988 JEEP CHEROKEE	\$5,825	\$117	\$13,554	\$130	\$14	\$83
1994 TOYOTA CAMRY	14,125	283	16,438	263	(19)	221
1979 PINTO	500	10	3,939	7	(3)	34
1991 MITSUBISHI MONTERO	10,700	214	15,489	235	21	175
1991 MUSTANG	11,775	236	19,864	195	(41)	175
1988 VOLVO STATION WGN	6,150	123	17,075	89	(34)	83
1989 OLDS CUTLASS	3,325	67	9,995	66	(1)	133

SENATE BILL NO. 57

INTRODUCED BY WATERMAN, CHRISTIAENS, FOSTER, COLE, GAGE, STANG, HARRINGTON,
TROPILA, REAM, M. HANSON, HIBBARD, ANDERSON
BY REQUEST OF THE REVENUE OVERSIGHT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE CLASSIFICATION, VALUATION,
AND TAXATION OF CERTAIN MOTOR VEHICLES; ~~TAXING AUTOMOBILES, TRUCKS HAVING A
MANUFACTURER'S RATED CAPACITY OF 1 TON OR LESS, VANS, AND SPORT UTILITY VEHICLES AT
2 PERCENT OF THE DEPRECIATED VALUE OF THE MANUFACTURER'S SUGGESTED RETAIL PRICE;~~
EXEMPTING FROM PROPERTY TAXATION BUSES, TRUCKS HAVING A MANUFACTURER'S RATED
CAPACITY OF MORE THAN 1 TON, TRUCK TRACTORS, AND PERSONAL PROPERTY ATTACHED TO
THESE EXEMPT VEHICLES; IMPOSING A FEE IN LIEU OF PROPERTY TAXES ON BUSES, TRUCKS HAVING
A MANUFACTURER'S RATED CAPACITY OF MORE THAN 1 TON, AND TRUCK TRACTORS; PROVIDING
FOR THE PRORATION OF THE FEE IN LIEU OF TAX; CLARIFYING THAT SPECIAL MOBILE EQUIPMENT IS
SUBJECT TO PROPERTY TAX; REPLACING THE TAX ON QUADRICYCLES WITH A FEE IN LIEU OF TAX;
PROVIDING THAT A COUNTY TREASURER IS AN AGENT OF THE DEPARTMENT OF REVENUE FOR THE
PURPOSES OF ASSESSING CERTAIN MOTOR VEHICLES UPON APPLICATION FOR REGISTRATION OR
REREGISTRATION OF THE VEHICLE; PROVIDING FOR AN ANALYSIS OF ALTERNATIVE METHODS OF
CLASSIFICATION, VALUATION, AND TAXATION OF AUTOMOBILES AND TRUCKS HAVING A
MANUFACTURER'S RATED CAPACITY OF 1 TON OR LESS; AMENDING SECTIONS 7-1-2111, 15-6-138,
15-6-201, 15-8-111, ~~15-8-201~~, 15-8-202, 15-16-202, 15-50-207; 20-9-141, 20-9-331, 20-9-333,
20-9-360, 20-9-501, 20-10-144, 20-10-146, 61-3-101, 61-3-208, 61-3-303, 61-3-456, ~~61-3-501~~,
61-3-503, 61-3-504, 61-3-506, 61-3-507, 61-3-509, 61-3-520, 61-3-527, 61-3-535, 61-3-537, AND
61-3-701, ~~AND 61-12-402~~, MCA; REPEALING SECTIONS 15-24-101, 15-24-102, 15-24-103, 15-24-104,
15-24-105, AND 15-24-2501, MCA; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because 61-3-506 gives rulemaking authority to the
department of justice to implement the new methods for the ~~valuation and taxation of light motor vehicles~~
and for the imposition of fees in lieu of tax on buses and trucks. The rules adopted by the department may

1 contain criteria for determining ~~the manufacturer's suggested retail price, an alternative valuation when the~~
2 ~~manufacturer's suggested retail price is unavailable, the date of manufacture for vehicles not commercially~~
3 ~~manufactured for consumer purchase, and the age and rated capacity of buses and trucks.~~

4 The legislature contemplates that the rules adopted by the department should address, at a
5 minimum, the following:

6 ~~(1) the methods for determining the valuation of light motor vehicles for taxation purposes;~~

7 ~~(2)(1) the assessment and collection of taxes and fees on motor vehicles and buses and trucks;~~

8 AND

9 ~~(3) the methods for determining the manufacturer's suggested retail price for the valuation of motor~~
10 ~~vehicles;~~

11 ~~(4) the procedures for establishing an equitable alternative value for vehicles that do not have a~~
12 ~~published manufacturer's suggested retail price; and~~

13 ~~(5)(2) the procedures for determining the age and manufacturer's rated capacity for buses and~~
14 ~~trucks.~~

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17
18 **Section 1.** Section 7-1-2111, MCA, is amended to read:

19 **"7-1-2111. Classification of counties.** (1) For the purpose of regulating the compensation and
20 salaries of all county officers, not otherwise provided for, and for fixing the penalties of officers' bonds,
21 the counties of this state must be classified according to the taxable valuation of the property in the
22 counties upon which the tax levy is made, except for vehicles subject to taxation under 61-3-504~~(2)~~, as
23 follows:

24 (a) first class--all counties having a taxable valuation of \$50 million or ~~over~~ more;

25 (b) second class--all counties having a taxable valuation of ~~more than~~ \$30 million or more and less
26 than \$50 million;

27 (c) third class--all counties having a taxable valuation of ~~more than~~ \$20 million or more and less
28 than \$30 million;

29 (d) fourth class--all counties having a taxable valuation of ~~more than~~ \$15 million or more and less
30 than \$20 million;

(e) fifth class--all counties having a taxable valuation of ~~more than~~ \$10 million or more and less than \$15 million;

(f) sixth class--all counties having a taxable valuation of ~~more than~~ \$5 million or more and less than \$10 million;

(g) seventh class--all counties having a taxable valuation of less than \$5 million.

(2) As used in this section, taxable valuation means the taxable value of taxable property in the county as of the time of determination plus:

(a) that portion of the taxable value of the county on December 31, 1981, attributable to automobiles and trucks having a rated capacity of three-quarters of a ton or less;

(b) that portion of the taxable value of the county on December 31, 1989, attributable to automobiles and trucks having a manufacturer's rated capacity of more than three-quarters of a ton but less than or equal to 1 ton;

(c) that portion of the taxable value of the county on December 31, 1997, attributable to buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors;

(d) the value provided by the department of revenue under 15-36-324(10); and

~~(d)~~(e) 6% of the taxable value of the county on January 1 of each tax year."

Section 2. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) all agricultural implements and equipment;

(b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(c) all manufacturing machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(d) all trailers and semitrailers, ~~including those prorated under 15-24-102,~~ except those ~~subject to taxation under 61-3-504(2) or~~ exempt under 15-6-201(1)(v);

(e) all goods and equipment intended for rent or lease, except goods and equipment specifically included and taxed in another class;

(f) ~~buses and trucks having a rated capacity of more than 1 ton, including those prorated under~~

1 ~~15-24-102;~~

2 ~~(g)~~ truck toppers weighing more than 300 pounds;

3 (g) special mobile equipment as defined in 61-1-104;

4 (h) furniture, fixtures, and equipment, except that specifically included in another class, used in
5 commercial establishments as defined in this section;

6 (i) x-ray and medical and dental equipment;

7 (j) citizens' band radios and mobile telephones;

8 (k) radio and television broadcasting and transmitting equipment;

9 (l) cable television systems;

10 (m) coal and ore haulers;

11 (n) theater projectors and sound equipment; and

12 (o) all other property not included in any other class in this part, except that property subject to
13 a fee in lieu of a property tax.

14 (2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000
15 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material
16 in a mining or quarrying environment.

17 (3) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or
18 service, wholesale, retail, or food-handling business.

19 (4) Class eight property is taxed at:

20 (a) 9% of its market value for tax years ending on or before December 31, 1995;

21 (b) 8% of its market value for tax year 1996;

22 (c) 7% of its market value for tax year 1997; and

23 (d) 6% of its market value for tax years beginning after December 31, 1997."

24
25 **Section 3.** Section 15-6-201, MCA, is amended to read:

26 **"15-6-201. Exempt categories.** (1) The following categories of property are exempt from taxation:

27 (a) except as provided in 15-24-1203, the property of:

28 (i) the United States, except:

29 (A) if congress passes legislation that allows the state to tax property owned by the federal
30 government or an agency created by congress; or

1 (B) as provided in 15-24-1103;

2 (ii) the state, counties, cities, towns, and school districts;

3 (iii) irrigation districts organized under the laws of Montana and not operating for profit;

4 (iv) municipal corporations;

5 (v) public libraries; and

6 (vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

7 (b) buildings, with land they occupy and furnishings in the buildings, owned by a church and used
8 for actual religious worship or for residences of the clergy, together with adjacent land reasonably
9 necessary for convenient use of the buildings;

10 (c) property used exclusively for agricultural and horticultural societies, for educational purposes,
11 and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health
12 and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed
13 by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not
14 exempt.

15 (d) property that is:

16 (i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or
17 21;

18 (ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent
19 care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

20 (iii) not maintained and operated for private or corporate profit;

21 (e) property owned or property that is leased from a federal, state, or local governmental entity by
22 institutions of purely public charity if the property is directly used for purely public charitable purposes;

23 (f) evidence of debt secured by mortgages of record upon real or personal property in the state of
24 Montana;

25 (g) public museums, art galleries, zoos, and observatories not used or held for private or corporate
26 profit;

27 (h) all household goods and furniture, including but not limited to clocks, musical instruments,
28 sewing machines, and wearing apparel of members of the family, used by the owner for personal and
29 domestic purposes or for furnishing or equipping the family residence;

30 (i) a truck canopy cover or topper weighing less than 300 pounds and having no accommodations

1 attached. This property is also exempt from taxation under 61-3-504~~(2)~~ and 61-3-537.

2 (j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

3 (k) motor homes, travel trailers, and campers;

4 (l) all watercraft;

5 (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association
6 or nonprofit corporation organized to furnish potable water to its members or customers for uses other than
7 the irrigation of agricultural land;

8 (n) the right of entry that is a property right reserved in land or received by mesne conveyance
9 (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by
10 another to explore, prospect, or dig for oil, gas, coal, or minerals;

11 (o) property that is owned and used by a corporation or association organized and operated
12 exclusively for the care of persons with developmental disabilities, the mentally ill, or the vocationally
13 handicapped as defined in 18-5-101 and that is not operated for gain or profit and property owned and used
14 by an organization owning and operating facilities that are for the care of the retired, aged, or chronically
15 ill and that are not operated for gain or profit;

16 (p) all farm buildings with a market value of less than \$500 and all agricultural implements and
17 machinery with a market value of less than \$100;

18 (q) property owned by a nonprofit corporation that is organized to provide facilities primarily for
19 training and practice for or competition in international sports and athletic events and not held or used for
20 private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means
21 an organization exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated
22 and admitted under the Montana Nonprofit Corporation Act.

23 (r) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily
24 hand-held and that are used to:

25 (i) construct, repair, and maintain improvements to real property; or

26 (ii) repair and maintain machinery, equipment, appliances, or other personal property;

27 (s) harness, saddlery, and other tack equipment;

28 (t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in
29 33-25-105;

30 (u) timber as defined in 15-44-102;

(v) all trailers and semitrailers that have a licensed gross weight of 26,000 pounds or more or that are registered through a proportional registration agreement under 61-3-721. For purposes of this subsection (1)(v), the terms "trailer" and "semitrailer" mean a vehicle with or without motive power that is:

(i) designed and used only for carrying property;

(ii) designed and used to be drawn by a motor vehicle; and

(iii) either constructed so that no part of its weight rests upon the towing vehicle or constructed so that some part of its weight and the weight of its load rests upon or is carried by another vehicle.

(w) all vehicles registered under 61-3-456;

(x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

(ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i); and

(y) motorcycles and quadricycles.

(2) (a) For the purposes of subsection (1)(e), the term "institutions of purely public charity" includes any organization that meets the following requirements:

(i) The organization qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(ii) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

(b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as a part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) \$20,000 in the case of a single-family residential dwelling;

(b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

Section 4. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment -- market value standard -- exceptions. (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) If the department uses construction cost as one approximation of market value, the department shall fully consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or economic obsolescence.

(c) Except as provided in subsection (3), the market value of ~~all motor trucks; special mobile equipment and~~ agricultural tools, implements, and machinery; ~~and vehicles of all kinds~~ is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department shall prepare valuation schedules showing the average wholesale value when a national appraisal guide does not exist.

(3) The department may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, except:

(a) the wholesale value for agricultural implements and machinery is the loan value as shown in the Official Guide, Tractor and Farm Equipment, published by the national farm and power equipment dealers association, St. Louis, Missouri;

(b) for agricultural implements and machinery not listed in the official guide, the department shall prepare a supplemental manual in which the values reflect the same depreciation as those found in the official guide; and

(c) as otherwise authorized in Title 15 and Title 61.

1 (4) For purposes of taxation, assessed value is the same as appraised value.

2 (5) The taxable value for all property is the percentage of market or assessed value established for
3 each class of property.

4 (6) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:

5 (a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after
6 deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515,
7 15-23-516, 15-23-517, or 15-23-518.

8 (b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

9 (c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of
10 the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are
11 valued as agricultural lands for tax purposes.

12 (d) Properties in 15-6-143, under class ten, are assessed at 100% of the forest productivity value
13 of the land when valued as forest land.

14 (7) Land and the improvements on the land are separately assessed when any of the following
15 conditions occur:

16 (a) ownership of the improvements is different from ownership of the land;

17 (b) the taxpayer makes a written request; or

18 (c) the land is outside an incorporated city or town."

19
20 ~~Section 5. Section 15-8-201, MCA, is amended to read:~~

21 ~~"15-8-201. General assessment day. (1) The department shall, between January 1 and the second~~
22 ~~Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject~~
23 ~~to taxation in each county. The department shall assess property to the person by whom it was owned or~~
24 ~~claimed or in whose possession or control it was at midnight of the preceding January 1. The department~~
25 ~~shall also ascertain and assess all mobile homes arriving in the county after midnight of the preceding~~
26 ~~January 1. A mistake in the name of the owner or supposed owner of real property does not invalidate the~~
27 ~~assessment.~~

28 ~~(2) The procedure provided by this section does not apply to:~~

29 ~~(a) motor vehicles that are required by 15-8-202 to be assessed on January 1 or upon their~~
30 ~~anniversary registration date;~~

(b) ~~motor homes, travel trailers, and campers;~~

(c) ~~watercraft;~~

(d) ~~livestock;~~

(e) ~~property defined in 61-1-104 as "special mobile equipment" that is subject to assessment for personal property taxes on the date that application is made for a special mobile equipment plate;~~

(f) ~~mobile homes held by a distributor or dealer of mobile homes as stock in trade; and~~

(g) ~~property subject to the provisions of 15-16-203.~~

(3) ~~Credits must be assessed as provided in 15-1-101(1)(f)."~~

Section 5. Section 15-8-202, MCA, is amended to read:

"15-8-202. Motor vehicle assessment by department of justice. (1) ~~(a) The department shall, in each year, ascertain and assess all motor vehicles, other than motor homes, travel trailers, and campers or mobile homes, in each county subject to taxation as of January 1 or as of the anniversary registration date of those vehicles as provided by law, subject to 61-3-313 through 61-3-316 and 61-3-501. The~~ DEPARTMENT SHALL, IN EACH YEAR, ASCERTAIN AND ASSESS ALL MOTOR VEHICLES, OTHER THAN MOTOR HOMES, TRAVEL TRAILERS, CAMPERS, OR MOBILE HOMES, AND BUSES AND TRUCKS HAVING A RATED CAPACITY OF MORE THAN 1 TON IN EACH COUNTY SUBJECT TO TAXATION AS OF THE ANNIVERSARY REGISTRATION DATE OF THOSE VEHICLES AS PROVIDED BY LAW, SUBJECT TO 61-3-313 THROUGH 61-3-316 AND 61-3-501. THE ASSESSMENT FOR ~~assessment for department of justice shall assess all motor light~~ MOTOR vehicles, must be made subject to 61-3-313 through 61-3-316 and 61-3-501, for taxation MUST BE MADE in accordance with 61-3-503.

~~(b) The department of justice shall determine the fee in lieu of tax for all buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors in accordance with [sections 31-32 and 32-33].~~

~~(c) The motor vehicles Taxes or fees in lieu of tax on motor vehicles under this subsection (1) THE MOTOR VEHICLES must be assessed or imposed in each year to on TO the persons by whom who owned or claimed the motor vehicles or in whose possession or control they were at midnight of January 1 or the motor vehicle was VEHICLES WERE on the anniversary registration date, whichever is applicable.~~

(2) A tax ~~or fee in lieu of tax~~ may not be assessed ~~or imposed~~ against motor vehicles subject to taxation ~~or to a fee in lieu of tax~~ that constitute inventory of motor vehicle dealers as of January 1. These

vehicles and all other motor vehicles subject to taxation ~~or a fee in lieu of tax that are~~ brought into the state subsequent to after January 1 as motor vehicle dealers' inventories must be assessed to their respective purchasers as of the dates the vehicles are registered by the purchasers.

(3) "Purchasers" includes dealers who apply for registration or reregistration of motor vehicles, except as otherwise provided by 61-3-502.

(4) Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes, must be assessed at market value as of January 1."

Section 6. Section 15-16-202, MCA, is amended to read:

"15-16-202. Boats, snowmobiles, and motor vehicles -- payment of current and back taxes and fees. (1) The fee in lieu of personal property taxes assessed against a boat for the year in which application for decals is made and the immediately previous year must be paid before license decals may be issued pursuant to 23-2-515.

(2) The fee in lieu of tax imposed on a snowmobile for the year in which application for registration is made and the immediately previous year must be paid before a snowmobile may be registered pursuant to 23-2-616.

(3) Except for mobile homes as defined in 15-1-101, the new motor vehicle sales tax and the ~~personal property motor vehicle~~ tax or fee in lieu of tax imposed or assessed against a motor vehicle for the current year and the immediately previous year must be paid before a motor vehicle may be registered or reregistered pursuant to 61-3-303.

(4) The provisions of subsections (1) through (3) do not require payment of the immediately previous year's taxes or fees if ~~such~~ the taxes or fees have already been paid."

Section 7. Section 15-50-207, MCA, is amended to read:

"15-50-207. Credit against other taxes -- credit for personal property taxes and certain fees. (1) The additional license fees withheld or otherwise paid as provided ~~herein~~ in this chapter may be used as a credit on the contractor's corporation license tax provided for in chapter 31 of this title or on the contractor's income tax provided for in chapter 30, depending upon the type of tax the contractor is required to pay under the laws of the state.

(2) Personal property taxes and the fee in lieu of tax on buses, trucks having a manufacturer's

1 rated capacity of more than 1 ton, or truck tractors as provided in [section 32 33 29] paid in Montana on
2 any personal property or vehicle of the contractor ~~which~~ that is used in the business of the contractor and
3 is located within this state may be credited against the license fees required under this chapter. However,
4 in computing the tax credit allowed by this section against the contractor's corporation license tax or
5 income tax, the ~~personal property~~ tax credit against the license fees ~~herein~~ required ~~shall~~ under this chapter
6 may not be considered as license fees paid for the purpose of ~~such~~ the income tax or corporation license
7 tax credit."

8
9 **Section 8.** Section 20-9-141, MCA, is amended to read:

10 **"20-9-141. Computation of general fund net levy requirement by county superintendent.** (1) The
11 county superintendent shall compute the levy requirement for each district's general fund on the basis of
12 the following procedure:

13 (a) Determine the funding required for the district's final general fund budget less the sum of direct
14 state aid and the special education allowable cost payment for the district by totaling:

15 (i) the district's nonisolated school BASE budget requirement to be met by a district levy as
16 provided in 20-9-303; and

17 (ii) any general fund budget amount adopted by the trustees of the district under the provisions
18 of 20-9-308 and 20-9-353, including any additional funding for a general fund budget that exceeds the
19 maximum general fund budget.

20 (b) Determine the money available for the reduction of the property tax on the district for the
21 general fund by totaling:

22 (i) the general fund balance reappropriated, as established under the provisions of 20-9-104;

23 (ii) amounts received in the last fiscal year for which revenue reporting was required for each of
24 the following:

25 (A) tuition payments for out-of-district pupils under the provisions of 20-5-321 through 20-5-323;

26 (B) revenue from ~~property~~ taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2),
27 61-3-521, 61-3-527, 61-3-537, [section 32 33 29], and 67-3-204;

28 (C) oil and natural gas production taxes;

29 (D) interest earned by the investment of general fund cash in accordance with the provisions of
30 20-9-213(4);

(E) revenue from corporation license taxes collected from financial institutions under the provisions of 15-31-702; and

(F) any other revenue received during the school fiscal year that may be used to finance the general fund, excluding any guaranteed tax base aid; and

(iii) pursuant to subsection (4), anticipated revenue from coal gross proceeds under 15-23-703.

(c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from any general fund budget amount adopted by the trustees of the district, up to the BASE budget amount, to determine the general fund BASE budget levy requirement.

(d) Subtract any amount remaining after the determination in subsection (1)(c) from any additional funding requirement to be met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as provided in 20-9-353 to determine any additional general fund levy requirements.

(2) The county superintendent shall calculate the number of mills to be levied on the taxable property in the district to finance the general fund levy requirement for any amount that does not exceed the BASE budget amount for the district by dividing the amount determined in subsection (1)(c) by the sum of:

(a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000.

(3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the general fund net levy requirement for the district, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) For each school district, the department of revenue shall calculate and report to the county superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross proceeds under 15-23-703."

Section 9. Section 20-9-331, MCA, is amended to read:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district

BASE funding program. (1) The county commissioners of each county shall levy an annual basic tax of 33 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, ~~[section 32 33 29]~~, and 67-3-204, for the purposes of local and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the elementary BASE funding programs of the school districts in the county and to the state general fund in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE funding programs of all elementary districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The revenue realized from the county's portion of the levy prescribed by this section and the revenue from the following sources must be used for the equalization of the elementary BASE funding program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):

(a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for the common school fund under the provisions of 17-3-222;

(b) the portion of the federal flood control act funds distributed to a county and designated for expenditure for the benefit of the county common schools under the provisions of 17-3-232;

(c) all money paid into the county treasury as a result of fines for violations of law, except money paid to a justice's court, and the use of which is not otherwise specified by law;

(d) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established or referred to in this section;

(e) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213;

(f) gross proceeds taxes from coal under 15-23-703;

(g) oil and natural gas production taxes;

(h) anticipated local government severance tax payments for calendar year 1995 production as provided in 15-36-325; and

(i) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 32 33 29], and 67-3-204."

Section 10. Section 20-9-333, MCA, is amended to read:

"20-9-333. Basic special levy and other revenue for county equalization of high school district BASE funding program. (1) The county commissioners of each county shall levy an annual basic special tax for high schools of 22 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 32 33 29], and 67-3-204, for the purposes of local and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the BASE funding programs of high school districts in the county and to the state general fund in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the county's high school tuition obligation and the total of the BASE funding programs of all high school districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The revenue realized from the county's portion of the levy prescribed in this section and the revenue from the following sources must be used for the equalization of the high school BASE funding program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):

(a) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established in this section;

(b) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213;

- 1 (c) gross proceeds taxes from coal under 15-23-703;
- 2 (d) oil and natural gas production taxes;
- 3 (e) anticipated local government severance tax payments for calendar year 1995 production as
- 4 provided in 15-36-325; and
- 5 (f) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
- 6 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32 33 29, and 67-3-204."
- 7

8 **Section 11.** Section 20-9-360, MCA, is amended to read:

9 **"20-9-360. State equalization aid levy.** (1) There is a levy of 40 mills imposed by the county

10 commissioners of each county on all taxable property within the state, except property for which a tax or

11 fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32 33

12 29, and 67-3-204. Except as provided in subsection (2), proceeds of the levy must be remitted to the state

13 treasurer and must be deposited to the credit of the state general fund for state equalization aid to the

14 public schools of Montana.

15 (2) For the benefit of each municipality that created an urban renewal area and adopted a tax

16 increment financing provision for the urban renewal area prior to July 1, 1990, the state treasurer shall

17 distribute each fiscal year from the state equalization aid levy to the municipality the amount, if any, equal

18 to the product of the incremental taxable value of the urban renewal area times the reduced school levy

19 for the area, each calculated for the fiscal year. The reduced school levy for a fiscal year is the difference

20 between the aggregate amount of all property tax levies for school purposes in the urban renewal area,

21 expressed in mills, in the fiscal year ended June 30, 1989, and the aggregate amount of all property tax

22 levies for school purposes in the area or the district, expressed in mills, in the fiscal year, including the state

23 equalization aid levy. The state treasurer shall distribute the amounts to municipalities in two equal

24 installments on December 31 and June 30 of the fiscal year."

25

26 **Section 12.** Section 20-9-501, MCA, is amended to read:

27 **"20-9-501. Retirement fund.** (1) The trustees of a district employing personnel who are members

28 of the teachers' retirement system or the public employees' retirement system or who are covered by

29 unemployment insurance or who are covered by any federal social security system requiring employer

30 contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's

1 contributions to the systems. The district's contribution for each employee who is a member of the
2 teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The
3 district's contribution for each employee who is a member of the public employees' retirement system must
4 be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any
5 federal social security system must be paid in accordance with federal law and regulation. The district's
6 contribution for each employee who is covered by unemployment insurance must be paid in accordance
7 with Title 39, chapter 51, part 11.

8 (2) The trustees of a district required to make a contribution to a system referred to in subsection
9 (1) shall include in the retirement fund of the preliminary budget the estimated amount of the employer's
10 contribution. After the final retirement fund budget has been adopted, the trustees shall pay the employer
11 contributions to the systems in accordance with the financial administration provisions of this title.

12 (3) When the final retirement fund budget has been adopted, the county superintendent shall
13 establish the levy requirement by:

14 (a) determining the sum of the money available to reduce the retirement fund levy requirement by
15 adding:

16 (i) any anticipated money that may be realized in the retirement fund during the ensuing school
17 fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
18 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32-33-29, and 67-3-204;

19 (ii) oil and natural gas production taxes;

20 (iii) anticipated local government severance tax payments for calendar year 1995 production as
21 provided in 15-36-325;

22 (iv) coal gross proceeds taxes under 15-23-703;

23 (v) any fund balance available for reappropriation as determined by subtracting the amount of the
24 end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school
25 fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund
26 operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school
27 fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under
28 the final retirement fund budget.

29 (vi) any other revenue anticipated that may be realized in the retirement fund during the ensuing
30 school fiscal year, excluding any guaranteed tax base aid.

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(b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in the final retirement fund budget.

(4) The county superintendent shall:

(a) total the net retirement fund levy requirements separately for all elementary school districts, all high school districts, and all community college districts of the county, including any prorated joint district or special education cooperative agreement levy requirements; and

(b) report each levy requirement to the county commissioners on the fourth Monday of August as the respective county levy requirements for elementary district, high school district, and community college district retirement funds.

(5) The county commissioners shall fix and set the county levy in accordance with 20-9-142.

(6) The net retirement fund levy requirement for a joint elementary district or a joint high school district must be prorated to each county in which a part of the district is located in the same proportion as the district ANB of the joint district is distributed by pupil residence in each county. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.

(7) The net retirement fund levy requirement for districts that are members of special education cooperative agreements must be prorated to each county in which the district is located in the same proportion as the special education cooperative budget is prorated to the member school districts. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county in the same manner as provided in 20-9-151, and the county commissioners shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.

(8) The county superintendent shall calculate the number of mills to be levied on the taxable property in the county to finance the retirement fund net levy requirement by dividing the amount determined in subsection (4)(a) by the sum of:

(a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000."

Section 13. Section 20-10-144, MCA, is amended to read:

1 **"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund**

2 **budget.** Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent
3 shall compute the revenue available to finance the transportation fund budget of each district. The county
4 superintendent shall compute the revenue for each district on the following basis:

5 (1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate
6 schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

7 (a) the sum of the maximum reimbursable expenditures for all approved school bus routes
8 maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate
9 per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus
10 route approved by the county transportation committee and maintained by the district); plus

11 (b) the total of all individual transportation per diem reimbursement rates for the district as
12 determined from the contracts submitted by the district multiplied by the number of pupil-instruction days
13 scheduled for the ensuing school attendance year; plus

14 (c) any estimated costs for supervised home study or supervised correspondence study for the
15 ensuing school fiscal year; plus

16 (d) the amount budgeted on the preliminary budget for the contingency amount permitted in
17 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100,
18 whichever is larger, the contingency amount on the preliminary budget must be reduced to the limitation
19 amount and used in this determination of the schedule amount; plus

20 (e) any estimated costs for transporting a child out of district when the child has mandatory
21 approval to attend school in a district outside the district of residence.

22 (2) (a) The schedule amount determined in subsection (1) or the total preliminary transportation
23 fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county
24 revenue to be budgeted on the following basis:

25 (i) one-half is the budgeted state transportation reimbursement, except that the state transportation
26 reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be
27 50% of the schedule amount attributed to the transportation of special education pupils; and

28 (ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the
29 manner provided in 20-10-146.

30 (b) When the district has a sufficient amount of cash for reappropriation and other sources of

1 district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero,
2 any remaining amount of district revenue and cash reappropriated must be used to reduce the county
3 financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to
4 reduce the state financial obligation in subsection (2)(a)(i).

5 (c) The county revenue requirement for a joint district, after the application of any district money
6 under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same
7 proportion as the ANB of the joint district is distributed by pupil residence in each county.

8 (3) The total of the money available for the reduction of property tax on the district for the
9 transportation fund must be determined by totaling:

10 (a) anticipated federal money received under the provisions of Title I of Public Law 81-874 or other
11 anticipated federal money received in lieu of that federal act;

12 (b) anticipated payments from other districts for providing school bus transportation services for
13 the district;

14 (c) anticipated payments from a parent or guardian for providing school bus transportation services
15 for a child;

16 (d) anticipated or reappropriated interest to be earned by the investment of transportation fund
17 cash in accordance with the provisions of 20-9-213(4);

18 (e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517,
19 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 32 33 29], and 67-3-204;

20 (f) anticipated revenue from coal gross proceeds under 15-23-703;

21 (g) anticipated oil and natural gas production taxes;

22 (h) anticipated local government severance tax payments for calendar year 1995 production;

23 (i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320
24 through 20-5-324;

25 (j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year
26 that may be used to finance the transportation fund; and

27 (k) any fund balance available for reappropriation as determined by subtracting the amount of the
28 end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school
29 fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating
30 reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year

1 and is for the purpose of paying transportation fund warrants issued by the district under the final
2 transportation fund budget.

3 (4) The district levy requirement for each district's transportation fund must be computed by:

4 (a) subtracting the schedule amount calculated in subsection (1) from the total preliminary
5 transportation budget amount; and

6 (b) subtracting the amount of money available to reduce the property tax on the district, as
7 determined in subsection (3), from the amount determined in subsection (4)(a).

8 (5) The transportation fund levy requirements determined in subsection (4) for each district must
9 be reported to the county commissioners on the fourth Monday of August by the county superintendent
10 as the transportation fund levy requirements for the district, and the levy must be made by the county
11 commissioners in accordance with 20-9-142."

12
13 **Section 14.** Section 20-10-146, MCA, is amended to read:

14 **"20-10-146. County transportation reimbursement.** (1) The apportionment of the county
15 transportation reimbursement by the county superintendent for school bus transportation or individual
16 transportation that is actually rendered by a district in accordance with this title, board of public education
17 transportation policy, and the transportation rules of the superintendent of public instruction must be the
18 same as the state transportation reimbursement payment, except that:

19 (a) if any cash was used to reduce the budgeted county transportation reimbursement under the
20 provisions of 20-10-144(2)(b), the annual apportionment is limited to the budget amount;

21 (b) when the county transportation reimbursement for a school bus has been prorated between two
22 or more counties because the school bus is conveying pupils of more than one district located in the
23 counties, the apportionment of the county transportation reimbursement must be adjusted to pay the
24 amount computed under the proration; and

25 (c) when county transportation reimbursement is required under the mandatory attendance
26 agreement provisions of 20-5-321.

27 (2) The county transportation net levy requirement for the financing of the county transportation
28 fund reimbursements to districts is computed by:

29 (a) totaling the net requirement for all districts of the county, including reimbursements to a special
30 education cooperative or prorated reimbursements to joint districts or reimbursements under the mandatory

attendance agreement provisions of 20-5-321;

(b) determining the sum of the money available to reduce the county transportation net levy requirement by adding:

(i) anticipated money that may be realized in the county transportation fund during the ensuing school fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, section 32 33 29, and 67-3-204;

(ii) oil and natural gas production taxes;

(iii) anticipated local government severance tax payments for calendar year 1995 production;

(iv) coal gross proceeds taxes under 15-23-703;

(v) any fund balance available for reappropriation from the end-of-the-year fund balance in the county transportation fund;

(vi) federal forest reserve funds allocated under the provisions of 17-3-213; and

(vii) other revenue anticipated that may be realized in the county transportation fund during the ensuing school fiscal year; and

(c) subtracting the money available, as determined in subsection (2)(b), to reduce the levy requirement from the county transportation net levy requirement.

(3) The net levy requirement determined in subsection (2)(c) must be reported to the county commissioners on the fourth Monday of August by the county superintendent, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) The county superintendent shall apportion the county transportation reimbursement from the proceeds of the county transportation fund. The county superintendent shall order the county treasurer to make the apportionments in accordance with 20-9-212(2) and after the receipt of the semiannual state transportation reimbursement payments."

~~NEW SECTION. Section 16. Light vehicle. "Light vehicle" means a motor vehicle commonly referred to as an automobile, van, sport utility vehicle, or truck having a manufacturer's rated capacity of 1 ton or less.~~

~~NEW SECTION. Section 17. Sport utility vehicle. "Sport utility vehicle" means a light vehicle designed to transport 10 or fewer persons that is constructed on a truck chassis or that has special features~~

1 ~~for occasional off-road use. The term does not include trucks having a manufacturer's rated capacity of 1~~
2 ~~ton or less.~~

3
4 **Section 15.** Section 61-3-101, MCA, is amended to read:

5 **"61-3-101. Duties of department -- records.** (1) The department shall keep a record as specified
6 in this section of all motor vehicles, trailers, and semitrailers of every kind, ~~and~~ of certificates of registration
7 and ownership of those vehicles, and of all manufacturers and dealers in motor vehicles.

8 (2) The record must show the following:

9 (a) name of owner, residence address by street or rural route, town, and county, and mailing
10 address if different than residence address;

11 (b) name and address of conditional sales vendor, mortgagee, or other lienholder and amount due
12 under contract or lien;

13 (c) manufacturer of vehicle;

14 (d) manufacturer's designation of style of vehicle;

15 (e) identifying number;

16 (f) year of manufacture;

17 (g) character of motive power and shipping weight of vehicle as shown by the manufacturer;

18 (h) the distinctive license number assigned to the vehicle, if any;

19 (i) if a truck or trailer, the number of tons' capacity or GVW if imprinted on manufacturer's
20 identification plate;

21 (j) except as provided in 61-3-103, the name and complete address of any holder of a perfected
22 security interest in the vehicle; and

23 (k) other information that may from time to time be found desirable.

24 (3) The department shall file applications for registration received by it from ~~the~~ county treasurers
25 ~~of the state~~ and register the vehicles and the vehicle owners as follows:

26 (a) under the distinctive license number assigned to the vehicle by the county treasurer;

27 (b) alphabetically under the name of the owner;

28 (c) numerically under make and identifying number of the vehicle; and

29 (d) ~~other~~ another index of registration as the department considers expedient.

30 (4) The department shall determine the amount of motor vehicle taxes and fees THE FEE to be

1 ~~collected at the time of registration for each light vehicle subject to tax under 61-3-503 and for each bus,~~
2 ~~truck having a manufacturer's rated capacity of more than 1 ton, and truck tractors subject to a fee in lieu~~
3 ~~of tax under [sections 31 32 28 and 32 33 29]. The county treasurer shall collect the taxes and fees on~~
4 ~~each motor vehicle at the time of its registration.~~

5 (5) Vehicle registration records and indexes and driver's license records and indexes may be
6 maintained by electronic recording and storage media.

7 ~~(5)(6)~~ In the case of dealers, the records must show the information contained in the application
8 for a dealer's license as required by 61-4-101 through 61-4-105, as well as the distinctive license number
9 assigned to the dealer.

10 ~~(6)(7)~~ In order to prevent an accumulation of unneeded records and files, regardless of any other
11 statutory requirements, the department may destroy all records and files that relate to vehicles that have
12 not been registered within the preceding 4 years and that do not have an active lien.

13 ~~(7)(8)~~ All records must be open to inspection during all reasonable business hours, and the
14 department shall furnish any information from the records upon payment by the applicant of the cost of the
15 information requested. Prior to providing the information, the department may require the applicant to
16 provide identification. However, the department may, by rule, reasonably restrict disclosure of information
17 on an owner or the owner's vehicle if the owner has requested in writing that the department not disclose
18 the information."

19
20 **Section 16.** Section 61-3-208, MCA, is amended to read:

21 **"61-3-208. Affidavit and bond for certificate.** (1) If an applicant for a ~~motor~~ vehicle certificate of
22 title cannot provide the department with a certificate of title transferred to the applicant, the department
23 may issue a certificate of title for the vehicle if the applicant furnishes an affidavit in a form prescribed by
24 the department.

25 (2) The affidavit must be signed and sworn to before an officer authorized to administer oaths and
26 affirmations. The affidavit must accompany the application for the certificate of title and include:

27 (a) the facts and circumstances through which the applicant acquired ownership and possession
28 of the ~~motor~~ vehicle;

29 (b) information as required by the department to enable it to determine what security interests,
30 liens, and encumbrances ~~against the motor vehicle~~, if any, are outstanding against the ~~motor~~ vehicle;

- (c) the date and the amount secured by the security interests, liens, and encumbrances, if any; and
(d) a statement that the applicant has the right to have a certificate of title issued.

(3) If after examination of the application, affidavit, and any other evidence the department determines that a certificate of title for the ~~motor~~ vehicle should be issued to the applicant, the department shall require the applicant to file with the department a good and sufficient bond before issuing the certificate of title. The bond must be:

(a) in an amount equal to the average trade-in or wholesale value of the ~~motor~~ vehicle as determined under the provisions of 61-3-503(1)(c) by the applicable national appraisal guide for the vehicle as of January 1 for the year in which the application for certificate of title is made. When a national appraisal guide is not available for a vehicle, the department shall determine an alternative value for the vehicle.

(b) conditioned to indemnify a prior owner, lienholder, subsequent purchaser, secured creditor, or encumbrancer of the motor vehicle, and any respective successors in interest, against expenses, losses, or damages caused by the issuance of the certificate or by a defect in or undisclosed security interest upon the right, title, and interest of the applicant in the ~~motor~~ vehicle; and

(c) issued by a surety company authorized to do business in the state.

(4) Any interested person has a right of action to recover on the bond for a breach of its conditions, but the aggregate liability of the surety to all persons may not exceed the amount of the bond.

(5) Unless the department has been notified of a pending action to recover the bond, the department shall return the bond at the earlier of:

(a) 3 years from the date of issuance of the certificate of title; or

(b) the date of surrender of the valid certificate of title to the department if the vehicle is no longer registered in this state."

Section 17. Section 61-3-303, MCA, is amended to read:

"61-3-303. Application for registration. (1) Each owner of a motor vehicle operated or driven upon the public highways of this state shall for each motor vehicle owned, except as otherwise provided in this section, file or cause to be filed in the office of the county treasurer where the owner permanently resides at the time of making the application or, if the vehicle is owned by a corporation or used primarily for commercial purposes, in the taxing jurisdiction of the county where the vehicle is permanently assigned,

an application for registration or reregistration ~~upon a blank~~ on a form to be prepared and furnished
prescribed by the department. The application must contain:

(a) the name and address of the owner, giving the county, school district, and town or city within
whose corporate limits the motor vehicle is taxable, if taxable, or within whose corporate limits the owner's
residence is located if the motor vehicle is not taxable;

(b) the name and address of the holder of any security interest in the motor vehicle;

(c) a description of the motor vehicle, including make, year model, engine or serial number,
manufacturer's model or letter, gross weight, declared weight on all trucks for which the manufacturer's
rated capacity is 1 ton or less, and type of body and, if a truck, the manufacturer's rated capacity;

(d) the declared weight on all trailers operating intrastate, except travel trailers or trailers and
semitrailers registered as provided in 61-3-711 through 61-3-733; and

(e) other information that the department may require.

(2) A person who files an application for registration or reregistration of a motor vehicle, except
of a mobile home as defined in 15-1-101(1), shall upon the filing of the application pay to the county
treasurer:

(a) the registration fee, as provided in 61-3-311 and 61-3-321 or 61-3-456; and

(b) except as provided in 61-3-456 or unless it has been previously paid:

(i) the ~~personal property~~ motor vehicle taxes or fees in lieu of tax assessed or imposed against the
vehicle for the current year of registration and the immediately previous year; or

(ii) the new motor vehicle sales tax against the vehicle for the current year of registration.

(3) The application may not be accepted by the county treasurer unless the payments required by
subsection (2) accompany the application. The department ~~of revenue~~ may not assess or impose and the
county treasurer may not collect taxes or fees for a period other than:

(a) the current year; and

(b) the immediately previous year if the vehicle was not registered or operated on the highways
of the state, regardless of the period of time since the vehicle was previously registered or operated.

(4) The department ~~of revenue~~ may make full and complete investigation of the tax status of the
vehicle. An applicant for registration or reregistration shall submit proof from the tax or other appropriate
records of the proper county at the request of the department ~~of revenue~~."

1 **Section 18.** Section 61-3-456, MCA, is amended to read:

2 **"61-3-456. Registration of motor vehicle owned and operated by Montana resident on active**
3 **military duty stationed outside Montana.** (1) An owner of a motor vehicle who is a Montana resident on
4 active military duty and stationed outside Montana may file with the department an application for the
5 registration of the motor vehicle. The application must be sworn to before an officer authorized to
6 administer oaths. The application must state:

7 (a) the name and address of the owner;

8 (b) the make, the gross weight, the year and number of the model, and the manufacturer's
9 identification number and serial number of the motor vehicle; and

10 (c) that the vehicle is owned and operated by a Montana resident who is on active military duty
11 and stationed outside Montana.

12 (2) The registration fee for a motor vehicle registered under subsection (1) is as provided in
13 61-3-311 and 61-3-321.

14 (3) A vehicle registered under this section is not subject to:

15 (a) the taxes described in 61-3-303(2)(b);

16 (b) assessment under 15-8-202 or 61-3-503 or the fee in lieu of tax under [section 32 33 29]; or

17 (c) any of the fees provided in part 5 of this chapter."
18

19 ~~**Section 22.** Section 61-3-501, MCA, is amended to read:~~

20 ~~**"61-3-501. When vehicle taxes and fees are due.** (1) Property Motor vehicle taxes, fees in lieu~~
21 ~~of tax, new car taxes, and fees must be paid on the date of registration or reregistration of the vehicle.~~

22 ~~(2) If the anniversary date for reregistration of a vehicle passes while the vehicle is owned and held~~
23 ~~for sale by a licensed new or used car dealer, property motor vehicle taxes or fees in lieu of tax abate on~~
24 ~~such the vehicle properly reported with the department of revenue county treasurer until the vehicle is sold~~
25 ~~and thereafter. After the sale, the purchaser shall pay the pro rata balance of the taxes or fees in lieu of~~
26 ~~tax due and owing on the vehicle.~~

27 ~~(3) In the event that a vehicle's registration period is changed under 61-3-315, all taxes or fees~~
28 ~~in lieu of tax and other fees due thereon shall must be prorated and paid from the last day of the old period~~
29 ~~until the first day of the new period in which the vehicle shall be is registered. Thereafter The taxes or fees~~
30 ~~in lieu of tax and other fees must be paid from the first day of the new period for a minimum period of 1~~

1 ~~year. When the change is to a later registration period, taxes and fees shall must be prorated and paid~~
2 ~~based on the same tax year as the original registration period. Thereafter, during the appropriate anniversary~~
3 ~~registration period, each vehicle shall must again register or reregister be registered or reregistered and shall~~
4 ~~pay all taxes and fees due thereon must be paid for a 12-month period."~~

5
6 **Section 19.** Section 61-3-503, MCA, is amended to read:

7 **"61-3-503. Assessment.** (1) Except as provided in 61-3-520 and subsection ~~(2)(4)(2)~~ of this
8 section, the following apply to the taxation of motor vehicles:

9 ~~(a) Except as provided in subsections (1)(c) through (1)(e), a person who files an application for~~
10 ~~registration or reregistration of a motor vehicle shall before filing the application with the county treasurer~~
11 ~~submit the application to the department of revenue. The department of revenue shall enter on the~~
12 ~~application in a space to be provided for that purpose the market value and taxable value of the vehicle as~~
13 ~~of January 1 of the year for which the application for registration is made.~~

14 ~~(b) Except as provided in subsection (1)(c), motor vehicles are assessed for taxes on January 1 in~~
15 ~~each year irrespective of the time fixed by law for the assessment of other classes of personal property and~~
16 ~~irrespective of whether the levy and tax may be a lien upon real property within the state. A motor vehicle~~
17 ~~is not subject to assessment, levy, and taxation more than once in each year.~~

18 (A) A PERSON SHALL FILE AN APPLICATION FOR REGISTRATION OR REREGISTRATION OF A
19 MOTOR VEHICLE WITH THE COUNTY TREASURER. THE COUNTY TREASURER, AS AN AGENT OF THE
20 DEPARTMENT OF REVENUE, SHALL ENTER ON THE APPLICATION IN A SPACE TO BE PROVIDED FOR
21 THAT PURPOSE THE MARKET VALUE AND TAXABLE VALUE OF THE VEHICLE AS OF JANUARY 1 OF
22 THE YEAR FOR WHICH THE APPLICATION FOR REGISTRATION IS MADE.

23 (B) EXCEPT AS PROVIDED IN SUBSECTION (1)(C), MOTOR VEHICLES ARE ASSESSED FOR
24 TAXES ON JANUARY 1 IN EACH YEAR IRRESPECTIVE OF THE TIME FIXED BY LAW FOR THE
25 ASSESSMENT OF OTHER CLASSES OF PERSONAL PROPERTY AND IRRESPECTIVE OF WHETHER THE
26 LEVY AND TAX MAY BE A LIEN UPON REAL PROPERTY WITHIN THE STATE. A MOTOR VEHICLE IS NOT
27 SUBJECT TO ASSESSMENT, LEVY, AND TAXATION MORE THAN ONCE IN EACH YEAR.

28 ~~(c)(a)(C) Vehicles subject to the provisions of 61-3-313 through 61-3-316 must be assessed as~~
29 ~~of the first day of the registration period, using the average trade-in or wholesale value as of January 1 of~~
30 ~~the year of assessment of the vehicle as contained in the most recent volume of the Mountain States~~

1 ~~Edition of the National Automobile Dealers Association (N.A.D.A.) Official Used Car Guide, the National~~
2 ~~Edition of N.A.D.A. Appraisal Guides Official Older Used Car Guide, or another nationally published used~~
3 ~~vehicle or appraisal guide approved by the department of revenue or, for a vehicle that was never listed in~~
4 ~~any edition of the preceding guides, the retail value of the vehicle as determined by the department of~~
5 ~~revenue, and depreciated 10% a year until a value of \$500 is reached, not including additions or deductions~~
6 ~~for options and mileage but including additions or deductions, whether or not one of the preceding guides~~
7 ~~is used, for diesel engines; and a depreciated value of the manufacturer's suggested retail price as~~
8 ~~determined in subsection (2).~~

9 (b) A AVERAGE TRADE-IN OR WHOLESALE VALUE AS OF JANUARY 1 OF THE YEAR OF
10 ASSESSMENT OF THE VEHICLE AS CONTAINED IN THE MOST RECENT VOLUME OF THE MOUNTAIN
11 STATES EDITION OF THE NATIONAL AUTOMOBILE DEALERS ASSOCIATION (N.A.D.A.) OFFICIAL USED
12 CAR GUIDE, THE NATIONAL EDITION OF N.A.D.A. APPRAISAL GUIDES OFFICIAL OLDER USED CAR
13 GUIDE, OR ANOTHER NATIONALLY PUBLISHED USED VEHICLE OR APPRAISAL GUIDE APPROVED BY
14 THE DEPARTMENT OF REVENUE OR, FOR A VEHICLE THAT WAS NEVER LISTED IN ANY EDITION OF THE
15 PRECEDING GUIDES, THE RETAIL VALUE OF THE VEHICLE AS DETERMINED BY THE DEPARTMENT OF
16 REVENUE, AND DEPRECIATED 10% A YEAR UNTIL A VALUE OF \$500 IS REACHED, NOT INCLUDING
17 ADDITIONS OR DEDUCTIONS FOR OPTIONS AND MILEAGE BUT INCLUDING ADDITIONS OR
18 DEDUCTIONS, WHETHER OR NOT ONE OF THE PRECEDING GUIDES IS USED, FOR DIESEL ENGINES; AND
19 A lien for taxes and fees due on the vehicle occurs on the anniversary date of the registration and continues
20 until the fees and taxes have been paid. If the ~~depreciated~~ value shown in any of the appraisal guides listed
21 in this section SHOWN IN ANY OF THE APPRAISAL GUIDES LISTED IN THIS SECTION is less than \$500,
22 the department shall value the vehicle at \$500.

23 ~~(d) Quadricycles must be assessed, using the greater of the following:~~

24 ~~(i) \$250; or~~

25 ~~(ii) the average trade in or wholesale value as of January 1 of the year of assessment of the vehicle~~
26 ~~as contained in the most recent volume of the applicable National Edition of the N.A.D.A.~~
27 ~~Motorcycle/Moped/ATV Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal Guide or another~~
28 ~~nationally published used vehicle or appraisal guide approved by the department of revenue, not including~~
29 ~~additions or deductions for options and mileage.~~

30 ~~(e) If a vehicle assessed under subsection (1)(c) or (1)(d) is not originally listed in the applicable~~

~~N.A.D.A. guide or other approved guide, the department of revenue shall depreciate the original f.o.b. factory list price, f.o.b. port of entry list price, or the manufacturer's suggested list price, using the following methods:~~

~~(i) if the new car sales tax has been previously paid and the vehicle is less than 1 year in age, the depreciation percentage is 20%; or~~

~~(ii) if the vehicle is 1 year or older in age and it is not listed in any of the appraisal guides listed in this section, the department of revenue shall determine the depreciation percentage to approximate the average wholesale or trade-in values in the current N.A.D.A. guides or other approved guides referred to in this subsection (1). For purposes of this subsection (1), the age of the vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year of assessment.~~

~~(f) When a minimum value of \$500 is reached, the value must remain at that minimum as long as the vehicle is registered.~~

~~(g) If a previously registered vehicle is no longer listed in the applicable N.A.D.A. guide or other approved guide, the department of revenue shall depreciate the value of the vehicle at the rate of 10% a year until a minimum amount of \$500 is attained, and the value must remain at that amount as long as the vehicle is registered.~~

~~(2) (a) Except as provided in subsections (2)(c) and (2)(d), the depreciated value for the taxation of light vehicles is computed by multiplying the manufacturer's suggested retail price by a percentage multiplier based on the type and age of the vehicle determined from the following table:~~

~~Age of Vehicle~~ ~~(in years)~~	~~Type of Vehicle~~			
	~~Automobile~~	~~Truck~~	~~Van~~	~~Sport Utility~~
~~1~~	~~100%~~	~~100%~~	~~100%~~	~~100%~~
~~0~~	~~90~~	~~96~~	~~93~~	~~98~~
~~1~~	~~80~~	~~91~~	~~86~~	~~94~~
~~2~~	~~69~~	~~86~~	~~78~~	~~90~~
~~3~~	~~58~~	~~80~~	~~69~~	~~84~~
~~4~~	~~49~~	~~73~~	~~60~~	~~76~~
~~5~~	~~41~~	~~66~~	~~52~~	~~67~~
~~6~~	~~33~~	~~57~~	~~45~~	~~57~~
~~7~~	~~26~~	~~49~~	~~38~~	~~48~~

1	~~8~~	~~21~~	~~43~~	~~32~~	~~39~~
2	~~9~~	~~17~~	~~37~~	~~27~~	~~33~~
3	~~10~~	~~14~~	~~31~~	~~22~~	~~29~~
4	~~11~~	~~12~~	~~26~~	~~18~~	~~25~~
5	~~12~~	~~10~~	~~22~~	~~15~~	~~22~~
6	~~13~~	~~09~~	~~18~~	~~13~~	~~21~~
7	~~14~~	~~09~~	~~15~~	~~11~~	~~19~~
8	~~15~~	~~09~~	~~13~~	~~09~~	~~17~~
9	~~16~~	~~09~~	~~12~~	~~09~~	~~15~~

~~(b) The age for the light vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year for which the tax is due.~~

~~(c) If the value of the vehicle determined under subsection (2)(a) is \$500 or less, the value of the vehicle is \$500 and the value must remain at that amount as long as the vehicle is registered.~~

~~(d) The depreciated value of a light vehicle that is 17 years old or older is computed by depreciating the value obtained for the vehicle at 16 years old as determined under subsection (2)(a) by 10% a year until a minimum value of \$500 is attained. The value must remain at that amount as long as the vehicle is registered.~~

~~(3) (a) For the purposes of this section, "manufacturer's suggested retail price" means the price suggested by the manufacturer for each given type, style, or model of light vehicle produced and first made available for retail sale by the manufacturer.~~

~~(b) The manufacturer's suggested retail price is based on standard equipment of a vehicle and does not contain price additions or deductions for optional accessories.~~

~~(c) When a manufacturer's suggested retail price is unavailable for a motor vehicle, the department shall determine an alternative valuation for the vehicle.~~

~~(D) IF A VEHICLE ASSESSED UNDER SUBSECTION (1)(A) OR (1)(B) IS NOT ORIGINALLY LISTED IN THE APPLICABLE N.A.D.A. GUIDE OR OTHER APPROVED GUIDE, THE DEPARTMENT OF REVENUE SHALL DEPRECIATE THE ORIGINAL F.O.B. FACTORY LIST PRICE, F.O.B. PORT-OF-ENTRY LIST PRICE, OR THE MANUFACTURER'S SUGGESTED LIST PRICE, USING THE FOLLOWING METHODS:~~

~~(I) IF THE NEW CAR SALES TAX HAS BEEN PREVIOUSLY PAID AND THE VEHICLE IS LESS THAN 1 YEAR IN AGE, THE DEPRECIATION PERCENTAGE IS 20%; OR~~

(II) IF THE VEHICLE IS 1 YEAR OR OLDER IN AGE AND IT IS NOT LISTED IN ANY OF THE APPRAISAL GUIDES LISTED IN THIS SECTION, THE DEPARTMENT OF REVENUE SHALL DETERMINE THE DEPRECIATION PERCENTAGE TO APPROXIMATE THE AVERAGE WHOLESALE OR TRADE-IN VALUES IN THE CURRENT N.A.D.A. GUIDES OR OTHER APPROVED GUIDES REFERRED TO IN THIS SUBSECTION (1). FOR PURPOSES OF THIS SUBSECTION (1), THE AGE OF THE VEHICLE IS DETERMINED BY SUBTRACTING THE MANUFACTURER'S MODEL YEAR OF THE VEHICLE FROM THE CALENDAR YEAR OF ASSESSMENT.

(E) WHEN A MINIMUM VALUE OF \$500 IS REACHED, THE VALUE MUST REMAIN AT THAT MINIMUM AS LONG AS THE VEHICLE IS REGISTERED.

(F) IF A PREVIOUSLY REGISTERED VEHICLE IS NO LONGER LISTED IN THE APPLICABLE N.A.D.A. GUIDE OR OTHER APPROVED GUIDE, THE DEPARTMENT OF REVENUE SHALL DEPRECIATE THE VALUE OF THE VEHICLE AT THE RATE OF 10% A YEAR UNTIL A MINIMUM AMOUNT OF \$500 IS ATTAINED, AND THE VALUE MUST REMAIN AT THAT AMOUNT AS LONG AS THE VEHICLE IS REGISTERED.

~~(2)(4)(2)~~ The provisions of subsections ~~(1)(a)~~ (1)(A) through ~~(1)(g)~~ ~~(3)~~ (1)(F) do not apply to buses, trucks having a manufacturer's rated capacity of more than 1 ton, truck tractors, motorcycles, motor homes, quadricycles, travel trailers, campers, or mobile homes as defined in 15-1-101(1)."

Section 20. Section 61-3-504, MCA, is amended to read:

"61-3-504. Computation of tax. (1) ~~The amount of taxes on a motor light vehicle, other than an automobile, truck having a rated capacity of 1 ton or less, motorcycle, quadricycle, motor home, travel trailer, camper, or mobile home, is computed and determined by the county treasurer on the basis of the levy of the year preceding the current year of application for registration or reregistration.~~

~~(2) The amount of tax on an automobile or truck having a rated capacity of 1 ton or less, THE~~ AMOUNT OF TAX ON AN AUTOMOBILE OR TRUCK HAVING A RATED CAPACITY OF 1 TON OR LESS, except for vehicles registered under 61-3-456 or owned by disabled veterans qualifying for special license plates under 61-3-332(10)(c)(i)(A) or 61-3-426(2), ~~and on a quadricycle~~ is 2% of the value determined under 61-3-503.

~~(3)(2)~~ The amount of tax on fleet vehicles subject to the provisions of 61-3-318 is 1% of the value determined under 61-3-503.

~~(4) For all taxable motor vehicles, the amount of tax is entered on the application form in a space provided for that purpose."~~

1 **Section 21.** Section 61-3-506, MCA, is amended to read:

2 "61-3-506. **Rules.** (1) ~~The department of revenue shall adopt rules for the payment of property~~
3 ~~taxes and the~~ DEPARTMENT OF REVENUE SHALL ADOPT RULES FOR THE PAYMENT OF PROPERTY
4 TAXES, OTHER THAN FOR MOTOR VEHICLES HAVING A RATED CAPACITY OF MORE THAN 1 TON, AND
5 THE department of transportation shall adopt rules for the payment of new car taxes under the provisions
6 of 61-3-313 through 61-3-316, 61-3-501, and 61-3-520. ~~The department of revenue may adopt rules for~~
7 ~~the proration of taxes for the implementation and administration of 61-3-313 through 61-3-316, 61-3-501,~~
8 ~~and 61-3-520, but shall specifically provide that new car taxes shall be for a 12-month period~~ THE
9 DEPARTMENT OF REVENUE MAY ADOPT RULES FOR THE PRORATION OF TAXES FOR THE
10 IMPLEMENTATION AND ADMINISTRATION OF 61-3-313 THROUGH 61-3-316, 61-3-501, AND 61-3-520,
11 BUT SHALL SPECIFICALLY PROVIDE THAT NEW CAR TAXES MUST BE FOR A 12-MONTH PERIOD.

12 (2) The department of justice may adopt rules;

13 ~~(a) for the assessment and collection of taxes and fees on light vehicles, INCLUDING THE~~
14 ~~PRORATION OF TAXES UNDER 61-3-520; and~~

15 ~~(b) for the imposition and collection of fees in lieu of tax, INCLUDING THE PRORATION OF FEES~~
16 ~~IN LIEU OF TAX UNDER 61-3-520, on buses, trucks having a manufacturer's rated capacity of more than~~
17 ~~1 ton, and truck tractors, including criteria for determining the vehicle's age and manufacturer's rated~~
18 ~~capacity."~~

19
20 **Section 22.** Section 61-3-507, MCA, is amended to read:

21 "61-3-507. **Exemption.** (1) ~~A motor vehicle subject to anniversary date registration as provided~~
22 ~~in 61-3-313 through 61-3-316 is exempt from the provisions of 61-3-503(1)(b).~~

23 (2) A vehicle that is exempt from taxation under 15-6-215 or subject to the provisions of 61-3-520
24 is exempt from all other taxes and fees generally imposed on a vehicle by this part."

25
26 **Section 23.** Section 61-3-509, MCA, is amended to read:

27 "61-3-509. **Disposition of taxes.** (1) Except as provided in subsection (2), the county treasurer
28 shall, after deducting the district court fee, credit all taxes on motor vehicles and fees in lieu of tax on
29 motorcycles, quadricycles, motor homes, travel trailers, ~~and~~ campers, buses, trucks having a
30 manufacturer's rated capacity of more than 1 ton, and truck tractors collected under 61-3-504, 61-3-521,

1 61-3-527, and 61-3-537, and [section 32 33 29] to a motor vehicle suspense fund, ~~and at~~. At some time
2 between March 1 and March 10 of each year and every 60 days after that date, the county treasurer shall
3 distribute the money in the motor vehicle suspense fund in the relative proportions required by the levies
4 for state, county, school district, and municipal purposes in the same manner as personal property taxes
5 are distributed.

6 (2) The county treasurer shall deduct as a district court fee 7% of the amount of the 2% tax
7 collected on ~~an automobile or truck having a rated capacity of 1 ton or less~~ light vehicles. The county
8 treasurer shall credit the fee for district courts to a separate suspense account and shall forward the amount
9 in the account to the state treasurer at the time that the county treasurer distributes money from the motor
10 vehicle suspense fund. The state treasurer shall credit amounts received under this subsection to the
11 general fund to be used for purposes of state funding of ~~the~~ district court expenses as provided in
12 3-5-901."

13
14 **SECTION 24. SECTION 61-3-520, MCA, IS AMENDED TO READ:**

15 **"61-3-520. Taxation of Taxes and fees on vehicles used exclusively in filming motion pictures or**
16 **television commercials.** (1) A vehicle used exclusively in the filming of motion pictures or television
17 commercials that has been in the state for a period exceeding 180 consecutive days in a calendar year ~~must~~
18 ~~be assessed~~ is subject to assessment or a fee in lieu of tax as if the vehicle were not used exclusively for
19 filming motion pictures or television commercials, but the assessment or fee in lieu of tax must be prorated
20 as provided in subsection (2).

21 (2) The taxes assessed or the fees in lieu of tax imposed under subsection (1) must be prorated
22 by dividing the number of days in excess of 180 consecutive days in the calendar year by 365.

23 (3) (a) Taxes on a vehicle imposed pursuant to this section must be collected as provided in Title
24 15, chapter 16, part 1, for the collection of personal property taxes generally.

25 (b) Fees on a vehicle imposed pursuant to this section must be collected as provided in this
26 chapter."

27
28 **Section 25. Section 61-3-527, MCA, is amended to read:**

29 **"61-3-527. Fee in lieu of tax for motorcycles and quadricycles -- schedule of fees.** (1) (a) There
30 is a fee in lieu of property tax imposed on motorcycles and quadricycles. The fee is in addition to annual

1 registration fees.

2 (b) The fee imposed by subsection (1)(a) ~~need~~ is not required to be paid by a dealer for motorcycles
3 or quadricycles that constitute inventory of the dealership.

4 (2) The owner of a motorcycle or quadricycle shall pay a fee based on the age of the motorcycle
5 or quadricycle and the size of the engine, as follows:

6 (a) The fee schedule for a motorcycle or quadricycle with an engine that measures from 1 cubic
7 centimeter to 600 cubic centimeters is as follows:

8 (i) less than 2 years old, \$30;

9 (ii) 2 years old and less than 5 years old, \$25;

10 (iii) 5 years old and less than 11 years old, \$15; and

11 (iv) 11 years old and older, \$10.

12 (b) The fee schedule for a motorcycle or quadricycle with an engine that measures from 601 cubic
13 centimeters to 1,000 cubic centimeters is as follows:

14 (i) less than 2 years old, \$70;

15 (ii) 2 years old and less than 5 years old, \$55;

16 (iii) 5 years old and less than 11 years old, \$40; and

17 (iv) 11 years old and older, \$30.

18 (c) The fee schedule for a motorcycle or quadricycle with an engine that measures 1,001 cubic
19 centimeters and larger is as follows:

20 (i) less than 2 years old, \$110;

21 (ii) 2 years old and less than 5 years old, \$90;

22 (iii) 5 years old and less than 11 years old, \$65; and

23 (iv) 11 years old and older, \$40.

24 (d) The age of a motorcycle or quadricycle is determined by subtracting the manufacturer's
25 designated model year from the current calendar year."

26

27 **Section 26.** Section 61-3-535, MCA, is amended to read:

28 "**61-3-535. Vehicle reregistration by mail -- ~~renewal cards reminder notice~~ and reregistration notice**

29 **by mail.** (1) ~~Except as provided in subsection (2), an owner of the following types of motor vehicles may~~

30 ~~reregister by mail:~~

1 ~~(a) light vehicles, quadricycles, and other vehicles subject to tax under 61-3-504(2); and~~
2 ~~(b) motorcycles, travel trailers, campers, and motor homes subject to a fee in lieu of tax under~~
3 ~~61-3-521 and 61-3-527.~~

4 ~~(2) The option to reregister by mail need only be made available for vehicles, motor homes, and~~
5 ~~travel trailers registered at the close of the expiring registration period in the name of the applicant for~~
6 ~~reregistration and only if~~ The department may allow the owner of a motor vehicle to renew the registration
7 of a vehicle by mail when EXCEPT AS PROVIDED IN SUBSECTION (2), AN OWNER OF THE FOLLOWING
8 TYPES OF MOTOR VEHICLES MAY REREGISTER BY MAIL:

9 (A) LIGHT VEHICLES AND OTHER VEHICLES SUBJECT TO TAX UNDER 61-3-504(1); AND

10 (B) MOTORCYCLES, QUADRICYCLES, TRAVEL TRAILERS, CAMPERS, AND MOTOR HOMES
11 SUBJECT TO A FEE IN LIEU OF TAX UNDER 61-3-521 AND 61-3-527.

12 (2) THE OPTION TO REREGISTER BY MAIL NEED ONLY BE MADE AVAILABLE FOR VEHICLES,
13 MOTOR HOMES, AND TRAVEL TRAILERS REGISTERED AT THE CLOSE OF THE EXPIRING REGISTRATION
14 PERIOD IN THE NAME OF THE APPLICANT FOR REREGISTRATION AND ONLY IF the value, age, length,
15 weight, or other criteria used to determine the tax or fee for a particular type of vehicle is available to the
16 department by electronic means.

17 ~~(3)(2)(3) The department shall develop a procedure to facilitate the reregistration by mail of the~~
18 ~~vehicles listed in subsection (1). The~~ Any THE DEPARTMENT SHALL DEVELOP A PROCEDURE TO
19 FACILITATE THE REREGISTRATION BY MAIL OF THE VEHICLES LISTED IN SUBSECTION (1). THE mail
20 reregistration procedure developed by the department must include a procedure to facilitate automated
21 handling of mail reregistration or recertification.

22 ~~(4) The procedure implemented by the department to permit reregistration or camper decal~~
23 ~~application by mail must~~ and must.

24 (4) THE PROCEDURE IMPLEMENTED BY THE DEPARTMENT TO PERMIT REREGISTRATION OR
25 CAMPER DECAL APPLICATION BY MAIL MUST provide for a written reminder notice by mail to a vehicle
26 owner of the requirement to reregister the owner's vehicle with the county treasurer or to apply for the
27 annual camper decal.

28 ~~(5)(3)(5) The department shall adopt rules to implement the mail reregistration and decal application~~
29 ~~procedure."~~

Section 27. Section 61-3-537, MCA, is amended to read:

"61-3-537. (Temporary) Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to a ~~property~~ tax under 61-3-504(2) at a rate of up to 0.5% of the value determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).

(2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed under 61-3-504(2). The first priority of the local vehicle tax is for district court funding, and the tax is distributed as follows:

(a) 50% to the county; and

(b) the remaining 50% to the county and the incorporated cities and towns within the county, apportioned on the basis of population. The distribution to a city or town is determined by multiplying the amount of money available by the ratio of the population of the city or town to the total county population. The distribution to the county is determined by multiplying the amount of money available by the ratio of the population of unincorporated areas within the county to the total county population.

(3) The governing body of a county may impose, revise, or revoke a local vehicle tax by adopting a resolution before July 1, after conducting a public hearing on the proposed resolution. The resolution may provide for the distribution of the local vehicle tax. (Terminates June 30, 2005--sec. 2, 3, Ch. 217, L. 1995.)

61-3-537. (Effective July 1, 2005) Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to a ~~property~~ tax under 61-3-504(2) at a rate of up to 0.5% of the value determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).

(2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed under 61-3-504(2) and is distributed in the same manner, based on the registration address of the owner of the motor vehicle.

(3) The governing body of a county may impose, revise, or revoke a local vehicle tax by adopting a resolution before July 1, after conducting a public hearing on the proposed resolution."

NEW SECTION. Section 28. Definitions. As used in [section ~~32~~ 33 29] and this section, unless the context requires otherwise, the following definitions apply:

(1) "Bus" has the same meaning as provided in 61-1-115.

(2) "Manufacturer's rated gross combined weight" means the manufacturer's published weight of

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the allowable load for a truck tractor and trailer combined and includes the weight of the truck tractor and the trailer.

(3) "Manufacturer's rated gross vehicle weight" means the manufacturer's published weight of the allowable load for a truck and includes the weight of the truck.

(4) "Truck" means a motor vehicle designed to carry an entire load. The truck may consist of a chassis and body or a chassis-cab and body or it may be of unitized construction so that the body and cab appear to be a single unit.

(5) "Truck tractor" has the same meaning as provided in 61-1-108.

NEW SECTION. Section 29. Schedule of fees for buses, motor vehicles having rated capacity of more than 1 ton, and truck tractors -- proration -- EXEMPTION. (1) (a) There is a fee in lieu of property tax imposed on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors. The fee is in addition to annual registration fees.

(b) The fee imposed by subsection (1)(a) is not required to be paid by a dealer of buses, trucks, or truck tractors that constitute inventory of the dealership.

(2) Subject to the conditions of subsection (4), the owner of a bus, truck with a manufacturer's rated capacity of more than 1 ton, or truck tractor shall pay a fee in lieu of tax based on the age and manufacturer's rated capacity of the vehicle according to the following schedule:

<u>Age of Vehicle</u>		<u>Rated Capacity (in pounds)</u>			
(in years)		16,999 or less	17,000-26,999	27,000-54,999	55,000 or more
1 or less		\$234	\$334	\$568	\$750
2		218	300	500	600
3		200	268	440	532
4		184	234	368	484
5		166	218	320	390
6		150	200	268	334
7		132	182	234	294
8		116	166	200	250
9		100	150	184	218
10		82	116	158	184

1	11-12	66	100	134	152
2	13-14	56	74	104	122
3	15-16	50	60	76	94
4	17-18	36	52	58	72
5	19-20	26	38	44	52
6	21 or more	20	24	32	40

7 (3) The age of the vehicle is determined by subtracting the manufacturer's model year of the vehicle
8 from the calendar year for which the fee in lieu of tax is due.

9 (4) (a) The manufacturer's rated capacity for a bus or truck with a manufacturer's rated capacity
10 of more than 1 ton is the manufacturer's rated gross vehicle weight.

11 (b) The manufacturer's rated capacity for a truck tractor is the manufacturer's rated gross combined
12 weight.

13 (5) A MOTOR VEHICLE BROUGHT INTO THE STATE OR OTHERWISE USED FOR THE EXCLUSIVE
14 PURPOSE OF FILMING MOTION PICTURES OR TELEVISION COMMERCIALS IS EXEMPT FROM THE FEE
15 IN LIEU OF TAX IF THE VEHICLE DOES NOT REMAIN IN THE STATE FOR A PERIOD IN EXCESS OF 180
16 CONSECUTIVE DAYS IN A CALENDAR YEAR.

17 ~~(5)(6)~~ THE EXCEPT AS PROVIDED IN 61-3-520, THE fee in lieu of tax on a vehicle subject to this
18 section that is brought or driven into this state by a nonresident person for hire, compensation, or profit
19 must be prorated according to the ratio that the remaining number of months in the year bears to the total
20 number of months in the year.

21 ~~(6)(7)~~ (a) The fee in lieu of tax on a vehicle subject to this section that is registered in the state for
22 the first time must be prorated as provided in subsection ~~(6)~~ (6).

23 (b) The fee in lieu of tax on a vehicle subject to this section that is reregistered in the state is for
24 a full year.

25 ~~(7)(8)~~ The fee in lieu of tax may not be refunded.

26
27 NEW SECTION. Section 30. Assessment of proportionally registered interstate motor vehicle fleets
28 -- payment of tax or fee in lieu of tax required for registration. (1) (a) Except as provided in subsection (2),
29 the department of transportation shall determine the fee for the purpose of imposing the fee in lieu of tax
30 as provided in [sections ~~31~~ 32 28 and ~~32~~ 33 29] on buses, trucks having a manufacturer's rated capacity

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1 of more than 1 ton, and truck tractors, in interstate motor vehicle fleets that are proportionally registered
2 under the provisions of 61-3-711 through 61-3-733. The fee must be apportioned on the ratio of total miles
3 traveled to in-state miles traveled as prescribed by 61-3-721. The fee in lieu of tax on interstate motor
4 vehicle fleets is imposed upon application for proportional registration and must be paid by the persons who
5 own or claim the fleet or in whose possession or control the fleet is at the time of the application.

6 (b) With respect to an original application for a fleet that has a situs in Montana for the purpose
7 of the fee in lieu of tax under this part or any other provision of the laws of Montana, the fee in lieu of tax
8 on fleet vehicles must be prorated according to the ratio that the remaining number of months in the year
9 bears to the total number of months in the year.

10 (2) For the purpose of taxation, the department of transportation shall assess light vehicles, as
11 defined in [section 16], that are part of an interstate motor vehicle fleet as follows:

12 (a) The value of each vehicle is determined in the same manner as provided in 61-3-503.

13 (b) The value determined under subsection (2)(a) multiplied by the percent of miles traveled in
14 Montana, as prescribed by 61-3-721, is the market value.

15 (c) The sum of the market value of all vehicles subject to tax under this subsection (2) multiplied
16 by 2% is the tax for the entire fleet.

17 (d) With respect to an original application for a fleet that has a situs in Montana for the purpose
18 of taxation under this part or any other provision of the laws of Montana, the taxes on taxable vehicles are
19 determined as provided in subsection (2)(b).

20 (e) Vehicles taxed as part of a fleet under this subsection (2) are not subject to the local option tax
21 imposed under 61-3-537.

22 (3) With respect to a renewal application for a fleet, taxable vehicles are assessed and taxed for
23 a full year and for all other vehicles the fee in lieu of tax is imposed for a full year.

24 (4) Vehicles contained in a fleet for which current taxes or fees, or both, have been assessed and
25 paid may not be assessed or charged fees under this section upon presentation to the department of proof
26 of payment of taxes, fees, or both for the current registration year. The payment of fleet vehicle taxes, fees
27 in lieu of tax, and license fees is a condition precedent to proportional registration or reregistration of an
28 interstate motor vehicle fleet.

29 (5) All taxes and fees collected on motor vehicle fleets under this chapter must be deposited and
30 distributed as provided in [section ~~36~~ 36 31].

NEW SECTION. Section 31. Situs in state of proportionally registered fleets -- collection of taxes and fees. (1) For the purposes of this part, any vehicle previously registered or that has had application for registration made under the provisions of 61-3-711 through 61-3-733 has a situs in Montana for the purposes of taxation or the fee in lieu of tax.

(2) The department of transportation shall collect the fleet vehicle taxes, the fees in lieu of tax, and license fees prescribed in this part.

NEW SECTION. Section 32. Deposit and distribution of taxes and fees on proportionally registered fleets. The taxes, fees in lieu of tax, and license fees collected under this part must be deposited with the state treasurer for distribution to the general fund of each county on the following basis:

(1) for fleet vehicle taxes and fees in lieu of tax, according to the ratio of the taxable valuation of each county to the total state taxable valuation; and

(2) for fleet vehicle license fees, according to the ratio of vehicle license fees, other than fees derived from interstate motor vehicle fleets, collected in each county to the sum of all fleet vehicle fees collected in all the counties.

Section 33. Section 61-3-701, MCA, is amended to read:

"61-3-701. Foreign vehicles used in gainful occupation to be registered -- reciprocity. (1) Before ~~any~~ a foreign licensed motor vehicle may be operated on the highways of this state for hire, compensation, or profit or before the owner ~~and/or~~ or user ~~thereof~~ of the vehicle uses the vehicle if ~~such~~ the owner ~~and/or~~ or user is engaged in gainful occupation or business enterprise in the state, including highway work, the owner of the vehicle shall ~~make application~~ apply to a county treasurer for registration upon an application form furnished by the department. Upon satisfactory evidence of ownership submitted to the county treasurer and the payment of ~~property~~ motor vehicle taxes or fees in lieu of taxes, if appropriate, as required by 15-8-201, 15-8-202, 15-24-301, 61-3-504, ~~or~~ 61-3-537, or [section 32 33 29], the treasurer shall accept the application for registration and shall collect the regular license fee required for the vehicle.

(2) ~~The~~ Upon payment of the fees or taxes, the treasurer shall ~~thereupon~~ issue to the applicant a copy of the certificate entitled "Owner's Certificate of Registration and Payment Receipt" and forward a duplicate copy of the certificate to the department. The treasurer shall at the same time issue to the applicant the proper license plates or other identification markers, which ~~shall~~ must at all times be displayed

1 upon the vehicle when operated or driven upon roads and highways of this state during the effective period
2 ~~of the life~~ of the license.

3 (3) The registration receipt ~~shall~~ does not constitute evidence of ownership but ~~shall~~ must be used
4 only for registration purposes. ~~No~~ A Montana certificate of ownership ~~shall~~ may not be issued for this type
5 of registration.

6 (4) This section is not applicable to ~~any~~ a vehicle covered by a valid and existing reciprocal
7 agreement or declaration entered into under the provisions of the laws of Montana."
8

9 **~~Section 38.~~ Section 61-12-402, MCA, is amended to read:**

10 **~~"61-12-402. Notice to owner.~~** (1) ~~Within 72 hours after any a vehicle is removed and held by or~~
11 ~~at the direction of the Montana highway patrol, the highway patrol shall notify the sheriff of the county in~~
12 ~~which the vehicle was located at the time it was taken into custody and of the place where the vehicle is~~
13 ~~being held. In addition, the Montana highway patrol shall furnish the sheriff:~~

14 (a) ~~a complete description of the vehicle, including year, make, model, serial number, and license~~
15 ~~number if available;~~

16 (b) ~~any costs incurred to that date in the removal, storage, and custody of the vehicle; and~~

17 (c) ~~any available information concerning its ownership.~~

18 (2) ~~The sheriff or the city police shall make reasonable efforts to ascertain the name and address~~
19 ~~of the owner, lienholder, or person entitled to possession of the vehicle taken into custody under~~
20 ~~61-12-401. If a name and address are ascertained, the sheriff or the city police shall notify the owner, and~~
21 ~~lienholder, or person of the location of the vehicle.~~

22 (3) ~~If the vehicle is registered in the office of the department, notice is considered to have been~~
23 ~~given when a registered or certified letter addressed to the registered owner of the vehicle and lienholder,~~
24 ~~if any, at the latest address shown by the records in the office of the department, return receipt requested~~
25 ~~and postage prepaid, is mailed at least 30 days before the vehicle is sold.~~

26 (4) ~~If the identity of the last registered owner cannot be determined, if the registration does not~~
27 ~~contain an address for the owner, or if it is impossible to determine with reasonable certainty the identity~~
28 ~~and addresses of all lienholders, notice by one publication in one newspaper of general circulation in the~~
29 ~~county where the motor vehicle was abandoned is sufficient to meet all requirements of notice pursuant~~
30 ~~to this part. The notice by publication can may contain multiple listings of abandoned vehicles. The notice~~

1 must be provided in the same manner as prescribed in ~~25-13-701(1)(b).~~

2 ~~(5) If the abandoned vehicle is in the possession of a motor vehicle wrecking facility licensed under~~
3 ~~75-10-511, the wrecking facility may make the required search to ascertain the name and address of the~~
4 ~~owner, lienholder, or person entitled to possession of the vehicle and shall give the notices required in~~
5 ~~subsections (2) through (4). The wrecking facility shall deliver to the sheriff or the city police a certificate~~
6 ~~describing the efforts made to ascertain the name and address of the owner, lienholder, or person entitled~~
7 ~~to possession of the vehicle and shall deliver to the sheriff or the city police proof of the notice given.~~

8 ~~(6) A vehicle found by law enforcement officials to be a "junk vehicle", as defined by 75-10-501,~~
9 ~~and certified as having an appraised that has a value of \$500 or less, as determined by the department of~~
10 ~~revenue, may be directly submitted for disposal in accordance with the provisions of part 5 of chapter 10,~~
11 ~~Title 75, chapter 10, part 5, upon a release given by the sheriff or the city police. In the release, the sheriff~~
12 ~~or the city police shall include a description of the vehicle, including year, make, model, serial number, and~~
13 ~~license number if available. A release provided by the sheriff or the city police under this section must be~~
14 ~~transmitted to the motor vehicle wrecking facility and must be considered by that facility to meet the~~
15 ~~requirements for records under 75-10-512 and 75-10-513. Vehicles described in this section may be~~
16 ~~submitted for disposal without notice and without a required holding period."~~

17
18 NEW SECTION. SECTION 34. LEGISLATIVE AUDIT COMMITTEE ANALYSIS. (1) THE
19 LEGISLATIVE AUDIT COMMITTEE SHALL CONDUCT OR HAVE CONDUCTED AN ANALYSIS OF
20 ALTERNATIVE METHODS OF CLASSIFICATION, VALUATION, AND TAXATION OF AUTOMOBILES AND
21 TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF 1 TON OR LESS. THE ANALYSIS MUST
22 INCLUDE:

23 (A) ALTERNATIVE METHODS OF VALUATION AND TAXATION;

24 (B) IMPOSITION OF A FLAT TAX OR FEES IN LIEU OF TAXES;

25 (C) MULTIYEAR LICENSING;

26 (D) COST-EFFECTIVENESS AND PUBLIC CONVENIENCE OF ALTERNATIVE METHODS OF
27 CLASSIFYING MOTOR VEHICLES AND OF COLLECTING MOTOR VEHICLE TAXES OR FEES;

28 (E) ANTICIPATED COSTS AND REVENUES OF ALTERNATIVE SYSTEMS COMPARED WITH THE
29 PRESENT SYSTEM OF CLASSIFYING, VALUING, AND TAXING MOTOR VEHICLES; AND

30 (F) ALTERNATIVE METHODS FOR FORMULAS BASED ON REVENUE ALLOCATIONS TO

1 COUNTIES.

2 (2) THE COMMITTEE SHALL REPORT THE RESULTS OF ITS ANALYSIS TO THE 56TH
3 LEGISLATURE.

5 NEW SECTION. Section 35. Codification instruction. (1) ~~[Sections 16 and 17] are intended to be~~
6 ~~codified as an integral part of Title 61, chapter 1, part 1, and the provisions of Title 61, chapter 1, part 1,~~
7 ~~apply to [sections 16 and 17].~~

8 ~~(2) [Sections 31 32 28 and 32 33 29]~~ are intended to be codified as an integral part of Title 61,
9 chapter 3, part 5, and the provisions of Title 61, chapter 3, part 5, apply to [sections 31 32 28 and 32 33
10 29].

11 (3) [Sections 33 34 30 through 35 36 32] are intended to be codified as an integral part of Title
12 61, chapter 3, part 7, and the provisions of Title 61, chapter 3, part 7, apply to [sections 33 34 30 through
13 35 36 32].

15 NEW SECTION. Section 36. Repealer. Sections 15-24-101, 15-24-102, 15-24-103, 15-24-104,
16 15-24-105, and 15-24-2501, MCA, are repealed.

18 NEW SECTION. Section 37. Effective dates -- applicability -- rulemaking. (1) Except for the
19 purposes of subsection (2), [this act] is effective January 1, 1998, and applies to tax years beginning after
20 December 31, 1997.

21 (2) For the purposes of promulgating administrative rules AND CONDUCTING THE ANALYSIS
22 REQUIRED BY [SECTION 34] under 61-3-506, ~~[section SECTIONS 25 21 AND 34]~~ and this section] are
23 effective on passage and approval.

24 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0057, reference bill as amended

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising the classification, valuation, and taxation of certain motor vehicles; exempting from property taxation buses, trucks having a manufacturer's rated capacity of more than 1 ton, truck tractors, and personal property attached to these exempt vehicles; imposing a fee in lieu of property taxes on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors; providing for the proration of the fee in lieu of tax; clarifying that special mobile equipment is subject to property tax; replacing the tax on quadricycles with a fee in lieu of tax; providing that a county treasurer is an agent of the Department of revenue for the purposes of assessing certain motor vehicles upon application for registration or reregistration of the vehicle; providing for an analysis of alternative methods of classification, valuation, and taxation of automobiles and trucks having a manufacturer's rated capacity of 1 ton or less; and providing effective dates and an applicability date.

ASSUMPTIONS:

Department of Revenue:

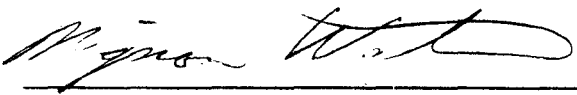
1. This bill is effective January 1, 1998 and applies to tax years beginning after December 31, 1997.
2. Under current law the taxable valuation rate for Class 8 personal property is reduced to 8% in tax year 1996; 7% in tax year 1997; and 6% in tax year 1998.
3. Under the proposal administration of taxes on heavy trucks is transferred from the Department of Revenue to the Department of Transportation.
4. The flat fee schedule proposed for heavy trucks is revenue-neutral statewide. The tax year 1998 proposed flat fee schedule for heavy trucks takes the reduction in the class 8 taxable valuation rate into account.
5. Statewide revenue-neutrality results in revenue-neutrality for state property tax accounts (101 state mills).
6. Under this proposal, county treasurers would act as agents of the Department of Revenue, and would be responsible for assessing the value of light cars and trucks for tax purposes.

Department of Justice:

1. The Motor Vehicle Division, Department of Justice(DOJ), must purchase a computer tape containing motor vehicle valuation data for all trucks exceeding one ton (heavy trucks) to update the department's motor vehicle registration system. It is expected that these computer valuation files would not contain information necessary to value approximately 10% of these vehicles registered annually. More than 37,000 trucks exceeding one ton (heavy trucks) were registered in 1996 in Montana.
2. County treasurers would assume responsibility for valuation of all motor vehicles, acting as an agent of the Department of Revenue for valuation of light vehicles and passengers cars and as an agent of the DOJ for valuation of all heavy trucks.
3. County treasurers would have to confer with the DOJ on the valuation of all heavy trucks for which computerized data is not available. The department would have to provide help desk staff and a toll-free telephone line to assist the county treasurers with these valuation processes.
4. The DOJ would have to provide reference books and valuation manuals to the county treasurers for the heavy trucks.

(continued)

 4-19-97
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 4/19/97
MIGNON WATERMAN, PRIMARY SPONSOR DATE

Fiscal Note for SB0057, reference bill
as amended

SB 57 #2
183

(continued)

5. The Motor Vehicle Division would require 1.00 FTE to create the valuation data base for heavy trucks not contained in the valuation data files, to provide assistance to the counties, and to continually update and maintain the valuation data files. Cost of FTE grade 9 would be \$21,964 a year.
6. Operating costs would be \$56,610 in fiscal 1998 and \$33,660 in fiscal 1999. Costs include valuation files, printing, office supplies, mainframe access, and computer programming. Equipment costs of \$4,500 would be needed in fiscal 1998 only for computer, desk, chair, and files.

FISCAL IMPACT:Department of Revenue:

There would be no impact on Department of Revenue administrative expenses or revenues.

Department of Justice:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
<u>Expenditures:</u>		
FTE	1.00	1.00
Personal Services	21,964	21,964
Operating Expenses	56,610	33,660
Equipment	<u>4,500</u>	<u>0</u>
Total	83,074	55,624

Funding Source:

General Fund (01)	83,074	55,624
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Net Impact:

General Fund (01)	(83,074)	(55,624)
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Although the statewide revenue impact from this proposal approximates revenue-neutrality, the individual composition of vehicle types within a taxing jurisdiction may or may not provide for revenue-neutrality for individual taxing jurisdictions. Detailed impacts pertaining to the heavy truck portion of this proposal on local government revenues, by county, may be found in the summary report of the Revenue Oversight Committee titled "Motor Vehicle Taxation and Other Issues Before the Revenue Oversight Committee", December, 1996.



CONFERENCE COMMITTEE

on Senate Bill 57
Report No. 1, April 18, 1997

Page 1 of 1

Mr. President and Mr. Speaker:

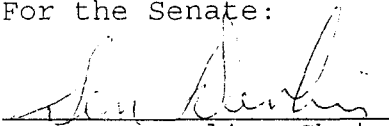
We, your Conference Committee on Senate Bill 57, met and considered:

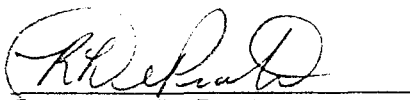
--the House floor amendments to Senate Bill 57 dated April 11, 1997, and the House floor amendments to Senate Bill 57 dated April 14, 1997.

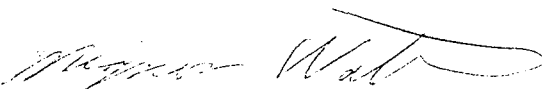
We recommend that the April 11 House floor amendments be accepted and the April 14 amendments be rejected on Senate Bill 57 (reference copy - salmon) and a free conference committee be appointed.

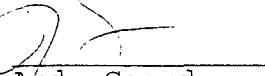
And that this Conference Committee report be adopted.

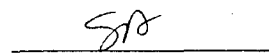
For the Senate:


Senator Devlin, Chair

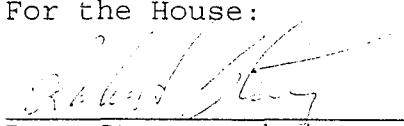

Senator DePratu

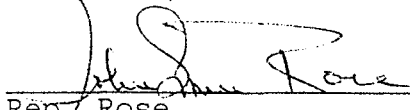

Senator Waterman


Amd. Coord.


Sec. of Senate

For the House:


Rep. Storey, Chair


Rep. Rose


Rep. Ream

ADOPT

REJECT

CCR #1
SB 57
831055CC.S

185

MINUTES

MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION

FREE CONFERENCE COMMITTEE ON SENATE BILL 57

Call to Order: By CHAIRMAN GERRY DEVLIN, on April 18, 1997, at
8:30 A.M., in Room 413/415.

ROLL CALL

Members Present:

Sen. Gerry Devlin (R)
Sen. Bob DePratu (R)
Sen. Mignon Waterman (D)
Rep. Robert R. Story, Jr. (R)
Rep. John "Sam" Rose (R)
Rep. Robert R. "Bob" Ream (D)

Members Excused: None

Members Absent: None

Staff Present: Jeff Martin, Legislative Services
Gilda Clancy, Secretary

HEARING ON SB 57

Questions From Committee Members and Responses:

CHAIRMAN GERRY DEVLIN opened by asking for discussion on
amendment 771455CW.Hgd, REP. ERNEST BERGSAGEL'S amendment.

SEN. MIGNON WATERMAN said she thought there was an analysis
completed by the auditor on flat tax, which the state had for
awhile.

REP. ROBERT STORY said they heard a bill in the House Taxation
Committee which dealt with flat tax on automobiles and the basis
of that bill did come out of the auditor's office. He said that
was basically a description of how the process would work and an
analysis on how it would affect the revenue in various counties
and a proposed fee schedule.

He stated REP. BERGSAGEL requested the analysis and he did not
carry the original bill so when they had the hearing on the bill,
they did not have the analysis. It was presented later at a
subcommittee meeting but they did not spend much time on it in
the subcommittee.

SEN. WATERMAN said the Revenue Oversight Subcommittee, which worked on this originally looked at a flat tax and there was a problem with keeping it revenue neutral statewide by county and on automobiles. That is the reason Revenue Oversight did not go forward on it.

SEN. DEVLIN said it appears the House was satisfied with that amendment because was adopted 97 to 3.

SEN. BOB DEPRATU said he personally does not see the need for a study. He would like to see it re-instated in the bill to have the depreciating values to put on this so there would be some predictability and he thinks that trying that for two years will give them a study without actually having a study group.

REP. BOB REAM stated this goes back to 1993 when there was a study during a special session which the Governor appointed. This has a longer history than this session. He believes there is a point we need to go to a flat tax system and when the law is changed there will be winners and losers. He thinks the group who worked on this did the best job they could to minimize the problems.

REP. STORY said **REP. BERGSAGEL'S** comments were that a lot of the background work was already done on this. **REP. STORY** said he does not know how in-depth the Revenue Oversight Committee went into the flat tax. He stated that regarding the money refund, he tried to talk them out of that but there is a lot of sentiment in members of the House that they would like to see a flat tax on vehicles. This is a point of contention.

SEN. WATERMAN said the people who drive older cars get caught in the flat tax, but she doesn't have any strong feelings about that.

REP. STORY asked if there is a technical problem by not having an appropriations on this?

SEN. WATERMAN answered she supposed as long as everyone says there won't be an appropriations and as long as the Audit Committee was willing to accept it without an appropriation and as long as there was no objection raised by the Rules Committee, everything should be okay. She would not like it if the Joint Rules Committee said they could not go forward without an appropriations and that it calls for a study.

CHAIRMAN DEVLIN asked if anyone mentioned a flat tax in Revenue Oversight and if, so was there much discussion on it?

SEN. WATERMAN answered yes, it was studied in the subcommittee and Jeff Martin, Legislative Services was present. There is a section in the reports about flat tax and they discussed it. She said the problem they ran into was trying to simplify it in not raising individual taxes and keeping it revenue neutral for

counties as well as the state. She said from that, older vehicle's tax went up and new vehicle's went down.

CHAIRMAN DEVLIN commented we are looking at a major change even without the amendments.

SEN. DEPRATU stated he would ultimately prefer to see a flat tax and thought the depreciating schedule was an even depreciation for the next two years is a real practical way to go toward the flat tax. He thinks by having the regular depreciating schedule based on the Manufacturer's Suggested Retail Price (MSRP) and then depreciate it with a fixed percentage each year, the number of years varying according to the classification of the vehicle, is a fair way to do this.

He said at any given time there is going to be winners and losers when the National Auto Dealer's Association (NADA) book is used each year. One year a particular vehicle can be favored and the next year, due to news media or something else, the vehicle can be depreciated 50 to 60%, then go back up. He used examples of this happening. Any number of things can make the value of vehicles go up or down, but yet they are very serviceable, they use our streets, our law enforcement, etc.

SEN. DEPRATU said this method gives people a predictable fee schedule of the amount their license is going to be each year. It is real difficult for some people because they are paying \$200, \$300 and \$400 to re-license their vehicles. He would like to see the flat tax reinstated and use that study for the next two years to see how well it goes, then take it from there.

CHAIRMAN DEVLIN said the committee should take a look at the amendments to see if they can find a common ground. He said he did not think amendment 701435CW.Hgd is not in the field at all. He asked the sponsor to comment on it.

REP. PEGGY ARNOTT stated they intended to make it so that when someone goes into the County Courthouse, they only have to go to one place to get their vehicle taken care of, because it is an annoyance to have to go to the assessor and then to the treasurer. She said the treasurer can do that function.

SEN. WATERMAN said she thinks the difference is that the manner in which the bill came out of Revenue Oversight, because they used the depreciated value which is set at the MSRP. The value would depreciate at a set rate each year, so no longer was there a role for the assessors at the county level and one of the goals was to keep people from having to go from the assessor to the treasurer. She said under that system, they moved everything from the Department of Revenue to the Department of Justice so the Department of Revenue would not have a role in the assessment, therefore it would move to the treasurer.

SEN. WATERMAN said she believes **REP. ARNOTT** was trying to keep that same portion but refer it to the old system. If we revert to the old system, then at the county level they will have to do assessments. When the bill came out of Revenue Oversight there was no longer a role for assessors at the county level, then the treasurers would do the assessing.

REP. ARNOTT stated she felt that would be a nice feature to the bill. She said 94% is already completed by mail-in and some that is not done is a result of key-punch errors. So it would be relatively easy to transfer that to the treasurer and she was told that was possible to do.

REP. STORY asked **Mary Bryson, Director, Department of Revenue**, regarding downsizing the assessor staff and those offices, would there still be an assessor available?

Mary Bryson answered if there is a mandated reduction in the Department of Assessment Division, one of the things they would look to is more regionalization of there assessors. Currently, they maintain presence in all 56 counties and it is likely they would not be able to maintain that. It is likely there would not be an assessor in every county.

REP. STORY asked **Dean Roberts, Department of Justice, Motor Vehicle Division**, in the event we went to the MSRP method with the even depreciation over a given number of years, wouldn't it come down to a simple programming? The value would be established at the time the new vehicle is sold, then it would be a predictable application and would eliminate the need for an assessor with a good computer program.

Mr. Roberts responded that is correct. They could do it all on a computer system and there would be no assessing involved. Even with the amendment they will still have to not only assess some vehicles, but also the equipment anything under a one-ton truck.

SEN. ROBERTS asked if we went to the MSRP system of depreciated schedule, couldn't that enhance the method of mail-in purchasing of license plates and prove the reliability of those figures being accurate if they are sent out on a postcard?

Mr. Roberts answered that is correct. In some cases the vehicle identification number is incorrect. As it goes through several individuals it can be copied down incorrectly from the vehicle. Using the MSRP system there is no question and 100% of the vehicles can be done.

REP. SAM ROSE asked **Dean Roberts** how our licensing procedure is similar or different to some of the adjoining states? Are there any states more efficient than ours and what procedures do they use?

Mr. Roberts responded yes, but most of those states collect that property tax in a different way. Most states have a sales tax. In those states people pay a set fee which is basically the same kind of things which Montana charges fees for. If they buy a new vehicle, they pay whatever the sales tax is on it, just like any other commodity. Then if they trade that vehicle in, they only pay sales tax on the difference of the two. The following year it goes back to the \$35 or \$40. It looks like, over time, it is cheaper but probably averages out in those states if they are collecting some kind of property tax.

He said Oregon charges \$35 per year every two years and they do not have property or sales tax and you pay on the difference of the trade-in versus the value and then go back down. To consider a person who buys a new car every three or four years, over a period of time it is probably about the same.

CHAIRMAN DEVLIN said his problem with the bill is that it goes into the new system on automobiles which isn't quite revenue neutral.

SEN. WATERMAN said it is revenue neutral.

CHAIRMAN DEVLIN stated it is but there is a tax shift in the whole scheme.

SEN. WATERMAN said they studied three different proposals and Revenue Oversight decided to put them together because they were amending the same sections of law.

CHAIRMAN DEVLIN asked **Mary Bryson** if they were planning to pay the assessors right out of the county?

Ms. Bryson responded that is certainly not their intent, but they have to realize production, as a result of this the decisions of this legislative body. Then they have to evaluate workload and the remaining resources as effectively as possible. This legislation, as originally proposed, removes the Department of Revenue from this process so they wouldn't have the assessor.

CHAIRMAN DEVLIN asked the possibility of making some reductions could go to a different bill?

Ms. Bryson answered she does not think the reductions are going to happen to her understanding but is not sure.

CHAIRMAN DEVLIN responded he thought this was going to happen in SB 195.

SEN. WATERMAN stated the only thing this bill does is take the Department of Revenue out of the picture.

REP. STORY said under the old system someone will have to access the equipment on trucks. He asked **Dean Roberts** how will the bill in its original form deal with that equipment?

Mr. Roberts responded it has, in its formula, that equipment. They no longer assess equipment on vehicles, neither heavy nor light trucks as the bill was written.

REP. ROSE asked **REP. ARNOTT** regarding her comment that it is annoying to have to go down to the assessor's office and stand in line, are we going to have to start training county treasurers? What is the difference between standing in the treasurer's line or the assessor's line?

REP. ARNOTT answered the difference is you only have to go to one place to get the job done. Regarding the training, she imagines they will have to do that.

REP. ROSE said when we get into the different attachments on the cars, it can get to be quite lengthy.

He said **REP. ARNOTT** seemed to indicate in her presentation on the Floor that the costs would increase on older cars. He asked her to explain that again.

REP. ARNOTT responded in order to make revenue interest, someone has to take a hit and those who take a hit in the bill are those with lower end vehicles. Also, in the bill, if you have any add-ons to your car there is no tax increase. So the car that is loaded gets the same kind of tax as the car that isn't. She said rather than taking the spike out, in order to compensate for the first year it had to be lined out.

REP. ROSE asked **REP. ARNOTT** when she refers to a hit on a 20-year old pick-up or car, what are we talking about money-wise?

REP. ARNOTT responded it is relatively nominal.

REP. ROSE asked about the hit on a '95 or '96 or '97 car.

REP. ARNOTT answered in the first year those people will pay more.

SEN. WATERMAN said regarding the issue of add-ons, whether you have a car that has a lot of add-ons or not, you do not pay for add-ons under present law. So that is really not an issue. **CHAIRMAN DEVLIN** asked **Dean Roberts** if they were listed in the book at all?

Mr. Roberts answered under Montana law, they do not assess the add-ons on a vehicle. Every vehicle generally has a series of additions and deductions. The reason they do not consider the add-ons is because they would have to consider the deductions

too, and the law is very plain that they do not add or deduct from the trade-in value price they use for vehicles.

SEN. DEPRATU said under the present law, the hit really comes in that second year because there is a big spike. Under the MSRP system of depreciating, it brings predictability of what people must budget for the licenses for the next year, which is 10% of the MSRP.

Jeff Martin, Legislative Services, discussed the issue of the spike. He said when a person buys a new car, in the second year the arithmetic does not work out to eliminate that spike, unless the depreciation schedule is reduced which is contained in the bill. A person will pay 1 1/2% on the new car sales tax, which is a different tax than property tax. So in the second year there will be an increase, but in the third year you could also have an additional spike because under current law, if the value is not available it is 80% of the MSRP. So the next year you could have a higher value because the depreciation schedule under the guidebook may be higher. Under the bill as proposed, it would eliminate the spike in the third year. **Mr. Martin** stated he felt it should be made clear we are talking about two different taxes.

He stated one of the reasons the bills were combined was to make a more uniform system for everyone under the current system. He said when the Revenue Oversight Committee and the working group looked at this, they developed two separate bills. **Mr. Martin** was concerned if there were two separate bills, there would be complex coordination construction if both bills passed to ensure there was a smooth transition from the Department of Revenue. He said this would include primarily vehicles that would have been assessed by the Department of Revenue such as trucks. If there wasn't a coordination construction, he was concerned about the transition from the Department of Revenue to the Department of Justice. He believed there was a consensus to coordinate this into one bill.

REP. STORY asked **SEN. DEPRATU** regarding the manner in which this bill is laid out and looking forward to ten or twelve years, will some of the older cars end up with not as much of a decrease because of inflation. Once they hit that bottom they tend to stay.

REP. STORY said they tend to stay there, but there will be a difference in value. For instance it states a minimum value of \$500, but if you take a unit that has a \$40,000 MSRP, when you are at the end of the program that will be 10% so your tax will be based on \$4,000 and not \$500. Inflation will not have anything to do with it because this will be a predictable schedule, regardless of the value at that time.

Jeff Martin stated eventually all vehicles will be at the \$500 level. In the bill, all vehicles are depreciated over a 16-year

period. Once that depreciation schedule is finished, the bill as introduced, directs the Department of Justice depreciate the value by 10% per year until it reaches \$500.

SEN. WATERMAN said the more expensive vehicles, like a Lexus, will take longer to depreciate.

SEN. DEPRATU stated the other thing is we are talking about fewer and fewer vehicles. The normal life-span of a vehicle is in the 16 to 18 year range. After that point, probably 75% to 90% are off the road. He said he had forgotten about the 10% reduction.

REP. ROSE asked **SEN. WATERMAN**, as the sponsor, if she was satisfied with the amendments, because in '95 she had a bill in the Tax Committee.

SEN. WATERMAN responded she didn't have a bill prior to this. This was a Revenue Oversight bill and was unanimous. She carried it for Revenue Oversight.

She said she was really pleased with the bill the way it was brought in. She believes the predictability of the tax rate on vehicles and the fact they only would go to the treasurer and pay, and if people wanted to move to a multi-year payment and a mail-in system are all an advantage. One thing she hears is the lack of predictability, whether property or vehicle taxes, people want to know what it is going to cost them so they can figure it into their budget. If we go back to the old system for cars, **SEN. WATERMAN** thinks we should go completely back to the old system.

{Tape: 1; Side: B; Approx. Time Count: 9:10 a.m.}

SEN. WATERMAN stated she is not comfortable re-training the treasurers.

She said it seems to her if they could put together a working group of people who are interested in the flat tax, whether **REP. ARNOTT** and **REP. BERGSAGEL** and **SEN. DEPRATU** or others who are interested, she thinks legislatures can work on that rather than another interim study on it, but she does not feel strongly about the study issue. She does not want to hang the bill out to fight over, but needs to go forward and as long as no one is going to raise a fight over the rules, that the bill can't go to the Governor with the study, she is okay with it.

She is satisfied with the way the bill is written.

REP. STORY said they had a discussion in the House on the amendments and there was no discussion in the House on the truck part of the bill. He pointed out amendment 701435CW.Hgd was rejected on a 49-51 vote the first time, then as they further discussed the bill, the amendment was brought back and passed fairly substantially, which ended the discussion on the bill. He

said **REP. ARNOTT** made some excellent points which turned some votes in the process. He said it could jeopardize the bill to change the construction.

CHAIRMAN DEVLIN stated he thinks every one of them have received a letter from the treasurers saying they did not want the amendment.

SEN. DEPRATU thought the argument could be made for the big trucks and the cars that there is no difference. He said they are dealing with a commercial group as opposed to individuals but he believes it is good for both.

SEN. WATERMAN said two years ago, it was a car bill and the truckers wanted to be included.

CHAIRMAN DEVLIN said he remembers that the Department came in with some proposals and the truckers weren't even called in to discuss with any of the Department people, and it ended up in the Revenue Oversight Committee. They were going to start taxing heavier trucks in a manner that the trucking industry hadn't even been consulted on. Now they have been and there is a gentlemen's agreement on it.

CHAIRMAN DEVLIN asked the members of the committee if they would like to go back to their respective bodies to see what they have to say and then meet later.

SEN. DEPRATU said the load is going to be put on the county treasurer if they stay with the old system and there is a potential for getting rid of the assessors.

CHAIRMAN DEVLIN wondered if the advantage to it as a whole is to take out the spike.

SEN. WATERMAN said they tried to soften that spike, but as long as you have a sales tax and change that whole system, you cannot do that.

SEN. DEPRATU stated the other thing is, they don't have to assess it, it is just a computer program. Once a vehicle is sold, the rate is established for the life of the vehicle.

Motion/Vote: **REP. REAM** motioned to reject amendment 701435CW.Hgd, which was unanimously voted by voice vote.

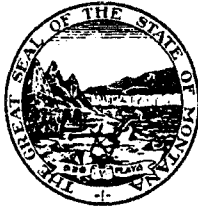
Motion/Vote: **REP. ROSE** motioned to accept amendment 771455CW.Hgd, which was unanimously voted by voice vote.

{Tape: 1; Side: B; Approx. Time Count: 9:25 - 9:34; Comments: Committee Discussed Whether To Have Another Meeting; It was determined this is a Free Conference Committee and they did not meet again.}

April 18, 1997

Page 10 of 11

NOTE: REP. STORY will carry SB 57.



FREE CONFERENCE COMMITTEE

on Senate Bill 57

Report No. 1, April 18, 1997

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Mr. President and Mr. Speaker:

We, your FREE Conference Committee on Senate Bill 57, met and considered:

Senate Bill 57 in its entirety

We recommend that Senate Bill 57 (reference copy - salmon) be amended as follows:

1. Title, line 7.

Strike: "CERTAIN"

2. Title, line 9.

Following: "~~PRICE,~~"

Insert: "TAXING AUTOMOBILES, TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF 1 TON OR LESS, VANS, AND SPORT UTILITY VEHICLES AT 2 PERCENT OF THE DEPRECIATED VALUE OF THE MANUFACTURER'S SUGGESTED RETAIL PRICE;"

3. Title, lines 16 through 18.

Strike: "PROVIDING" on line 16 through "VEHICLE;" on line 18

4. Title, line 21.

Following: "~~15-8-201,~~"

Insert: "15-8-201,"

5. Title, line 22.

Following: "~~61-3-501,~~"

Insert: "61-3-501,"

6. Title, line 23.

Strike: "AND"

7. Title, line 24.

Following: "~~7~~"

Insert: "AND 61-12-402,"

8. Page 1, line 30.

Following: "~~the~~"

Insert: "valuation and taxation of light motor vehicles and for the"

ADOPT

REJECT

FCCR#1
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9. Page 2, line 3.

Following: "and"

Insert: "the manufacturer's suggested retail price, an alternative valuation when the manufacturer's suggested retail price is unavailable, the date of manufacture for vehicles not commercially manufactured for consumer purchase, and"

10. Page 2.

Following: line 6

Insert: "(1) the methods for determining the valuation of light motor vehicles for taxation purposes;"

Renumber: subsequent subsection

11. Page 2, line 8.

Strike: "AND"

12. Page 2.

Following: line 12

Insert: "(3) the methods for determining the manufacturer's suggested retail price for the valuation of motor vehicles;

(4) the procedures for establishing an equitable alternative value for vehicles that do not have a published manufacturer's suggested retail price; and"

Renumber: subsequent subsection

13. Page 2, line 18 through page 44, line 23.

Strike: Everything after the enacting clause

Insert: "Section 1. Section 7-1-2111, MCA, is amended to read:

"7-1-2111. **Classification of counties.** (1) For the purpose of regulating the compensation and salaries of all county officers, not otherwise provided for, and for fixing the penalties of officers' bonds, the counties of this state must be classified according to the taxable valuation of the property in the counties upon which the tax levy is made, except for vehicles subject to taxation under 61-3-504(2), as follows:

(a) first class--all counties having a taxable valuation of \$50 million or ~~over~~ more;

(b) second class--all counties having a taxable valuation of ~~more than~~ \$30 million or more and less than \$50 million;

(c) third class--all counties having a taxable valuation of ~~more than~~ \$20 million or more and less than \$30 million;

(d) fourth class--all counties having a taxable valuation of ~~more than~~ \$15 million or more and less than \$20 million;

(e) fifth class--all counties having a taxable valuation of ~~more than~~ \$10 million or more and less than \$15 million;

(f) sixth class--all counties having a taxable valuation of ~~more than~~ \$5 million or more and less than \$10 million;

(g) seventh class--all counties having a taxable valuation

of less than \$5 million.

(2) As used in this section, taxable valuation means the taxable value of taxable property in the county as of the time of determination plus:

(a) that portion of the taxable value of the county on December 31, 1981, attributable to automobiles and trucks having a rated capacity of three-quarters of a ton or less;

(b) that portion of the taxable value of the county on December 31, 1989, attributable to automobiles and trucks having a manufacturer's rated capacity of more than three-quarters of a ton but less than or equal to 1 ton;

(c) that portion of the taxable value of the county on December 31, 1997, attributable to buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors;

(d) the value provided by the department of revenue under 15-36-324(10); and

~~(d)~~ (e) 6% of the taxable value of the county on January 1 of each tax year."

Section 2. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) all agricultural implements and equipment;

(b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(c) all manufacturing machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(d) all trailers and semitrailers, ~~including those prorated under 15-24-102,~~ except those ~~subject to taxation under 61-3-504(2) or~~ exempt under 15-6-201(1)(v);

(e) all goods and equipment intended for rent or lease, except goods and equipment specifically included and taxed in another class;

(f) ~~buses and trucks having a rated capacity of more than 1 ton, including those prorated under 15-24-102;~~

~~(g)~~ truck toppers weighing more than 300 pounds;

(g) special mobile equipment as defined in 61-1-104;

(h) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(i) x-ray and medical and dental equipment;

(j) citizens' band radios and mobile telephones;

(k) radio and television broadcasting and transmitting equipment;

(l) cable television systems;

(m) coal and ore haulers;

(n) theater projectors and sound equipment; and
(o) all other property not included in any other class in this part, except that property subject to a fee in lieu of a property tax.

(2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

(3) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or service, wholesale, retail, or food-handling business.

(4) Class eight property is taxed at:

(a) 9% of its market value for tax years ending on or before December 31, 1995;

(b) 8% of its market value for tax year 1996;

(c) 7% of its market value for tax year 1997; and

(d) 6% of its market value for tax years beginning after December 31, 1997."

Section 3. Section 15-6-201, MCA, is amended to read:

"15-6-201. Exempt categories. (1) The following categories of property are exempt from taxation:

(a) except as provided in 15-24-1203, the property of:

(i) the United States, except:

(A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or

(B) as provided in 15-24-1103;

(ii) the state, counties, cities, towns, and school districts;

(iii) irrigation districts organized under the laws of Montana and not operating for profit;

(iv) municipal corporations;

(v) public libraries; and

(vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

(b) buildings, with land they occupy and furnishings in the buildings, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not exempt.

(d) property that is:

- (i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or 21;
- (ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and
- (iii) not maintained and operated for private or corporate profit;
- (e) property owned or property that is leased from a federal, state, or local governmental entity by institutions of purely public charity if the property is directly used for purely public charitable purposes;
- (f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;
- (g) public museums, art galleries, zoos, and observatories not used or held for private or corporate profit;
- (h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;
- (i) a truck canopy cover or topper weighing less than 300 pounds and having no accommodations attached. This property is also exempt from taxation under 61-3-504~~(2)~~ and 61-3-537.
- (j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;
- (k) motor homes, travel trailers, and campers;
- (l) all watercraft;
- (m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;
- (n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;
- (o) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, the mentally ill, or the vocationally handicapped as defined in 18-5-101 and that is not operated for gain or profit and property owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit;
- (p) all farm buildings with a market value of less than \$500 and all agricultural implements and machinery with a market value of less than \$100;

(q) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and not held or used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means an organization exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act.

(r) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:

(i) construct, repair, and maintain improvements to real property; or

(ii) repair and maintain machinery, equipment, appliances, or other personal property;

(s) harness, saddlery, and other tack equipment;

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105;

(u) timber as defined in 15-44-102;

(v) all trailers and semitrailers that have a licensed gross weight of 26,000 pounds or more or that are registered through a proportional registration agreement under 61-3-721. For purposes of this subsection (1)(v), the terms "trailer" and "semitrailer" mean a vehicle with or without motive power that is:

(i) designed and used only for carrying property;

(ii) designed and used to be drawn by a motor vehicle; and

(iii) either constructed so that no part of its weight rests upon the towing vehicle or constructed so that some part of its weight and the weight of its load rests upon or is carried by another vehicle.

(w) all vehicles registered under 61-3-456;

(x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

(ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i); and

(v) motorcycles and quadricycles.

(2) (a) For the purposes of subsection (1)(e), the term "institutions of purely public charity" includes any organization that meets the following requirements:

(i) The organization qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(ii) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other

similar types of fundraising activities.

(b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as a part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) \$20,000 in the case of a single-family residential dwelling;

(b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

Section 4. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment -- market value standard --

exceptions. (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) If the department uses construction cost as one approximation of market value, the department shall fully consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or economic obsolescence.

(c) Except as provided in subsection (3), the market value of ~~all motor trucks, special mobile equipment and agricultural tools, implements, and machinery, and vehicles of all kinds~~ is the average wholesale value shown in national appraisal guides and manuals or the value ~~of the vehicle~~ before reconditioning and profit margin. The department shall prepare valuation schedules showing the average wholesale value when a national appraisal guide does not exist.

(3) The department may not adopt a lower or different standard of value from market value in making the official

assessment and appraisal of the value of property, except:

(a) the wholesale value for agricultural implements and machinery is the loan value as shown in the Official Guide, Tractor and Farm Equipment, published by the national farm and power equipment dealers association, St. Louis, Missouri;

(b) for agricultural implements and machinery not listed in the official guide, the department shall prepare a supplemental manual in which the values reflect the same depreciation as those found in the official guide; and

(c) as otherwise authorized in Title 15 and Title 61.

(4) For purposes of taxation, assessed value is the same as appraised value.

(5) The taxable value for all property is the percentage of market or assessed value established for each class of property.

(6) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:

(a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515, 15-23-516, 15-23-517, or 15-23-518.

(b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(d) Properties in 15-6-143, under class ten, are assessed at 100% of the forest productivity value of the land when valued as forest land.

(7) Land and the improvements on the land are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town."

Section 5. Section 15-8-201, MCA, is amended to read:

"15-8-201. **General assessment day.** (1) The department shall, between January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject to taxation in each county. The department shall assess property to the person by whom it was owned or claimed or in whose possession or control it was at midnight of the preceding January 1. The department shall also ascertain and assess all mobile homes arriving in the county after midnight of the preceding January 1. A mistake in the name of the owner or supposed owner of real property does not invalidate the assessment.

(2) The procedure provided by this section does not apply

to:

(a) motor vehicles ~~that are required by 15-8-202 to be assessed on January 1 or upon their anniversary registration date;~~

(b) motor homes, travel trailers, and campers;

(c) watercraft;

(d) livestock;

(e) property defined in 61-1-104 as "special mobile equipment" that is subject to assessment for personal property taxes on the date that application is made for a special mobile equipment plate;

(f) mobile homes held by a distributor or dealer of mobile homes as stock in trade; and

(g) property subject to the provisions of 15-16-203.

(3) Credits must be assessed as provided in 15-1-101(1)(f)."

Section 6. Section 15-8-202, MCA, is amended to read:

"15-8-202. Motor vehicle assessment by department of justice. (1) ~~(a) The department shall, in each year, ascertain and assess all motor vehicles, other than motor homes, travel trailers, and campers or mobile homes, in each county subject to taxation as of January 1 or as of the anniversary registration date of those vehicles as provided by law, subject to 61-3-313 through 61-3-316 and 61-3-501. The assessment for department of justice shall assess all motor light vehicles, must be made subject to 61-3-313 through 61-3-316 and 61-3-501, for taxation in accordance with 61-3-503.~~

~~(b) The department of justice shall determine the fee in lieu of tax for all buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors in accordance with [sections 32 and 33].~~

~~(c) The motor vehicles Taxes or fees in lieu of tax on motor vehicles under this subsection (1) must be assessed or imposed in each year to on the persons by whom who owned or claimed the motor vehicles or in whose possession or control they were at midnight of January 1 or the motor vehicle was on the anniversary registration date, whichever is applicable.~~

(2) A tax or fee in lieu of tax may not be assessed or imposed against motor vehicles subject to taxation or to a fee in lieu of tax that constitute inventory of motor vehicle dealers as of January 1. These vehicles and all other motor vehicles subject to taxation or a fee in lieu of tax that are brought into the state ~~subsequent to~~ after January 1 as motor vehicle dealers' inventories must be assessed to their respective purchasers as of the dates the vehicles are registered by the purchasers.

(3) "Purchasers" includes dealers who apply for registration or reregistration of motor vehicles, except as otherwise provided by 61-3-502.

(4) Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes, must be assessed at market value as of January 1."

Section 7. Section 15-16-202, MCA, is amended to read:

"15-16-202. Boats, snowmobiles, and motor vehicles -- payment of current and back taxes and fees. (1) The fee in lieu of personal property taxes assessed against a boat for the year in which application for decals is made and the immediately previous year must be paid before license decals may be issued pursuant to 23-2-515.

(2) The fee in lieu of tax imposed on a snowmobile for the year in which application for registration is made and the immediately previous year must be paid before a snowmobile may be registered pursuant to 23-2-616.

(3) Except for mobile homes as defined in 15-1-101, the new motor vehicle sales tax and the ~~personal property motor vehicle~~ tax or fee in lieu of tax imposed or assessed against a motor vehicle for the current year and the immediately previous year must be paid before a motor vehicle may be registered or reregistered pursuant to 61-3-303.

(4) The provisions of subsections (1) through (3) do not require payment of the immediately previous year's taxes or fees if ~~such~~ the taxes or fees have already been paid."

Section 8. Section 15-50-207, MCA, is amended to read:

"15-50-207. Credit against other taxes -- credit for personal property taxes and certain fees. (1) The additional license fees withheld or otherwise paid as provided ~~herein~~ in this chapter may be used as a credit on the contractor's corporation license tax provided for in chapter 31 of this title or on the contractor's income tax provided for in chapter 30, depending upon the type of tax the contractor is required to pay under the laws of the state.

(2) Personal property taxes and the fee in lieu of tax on buses, trucks having a manufacturer's rated capacity of more than 1 ton, or truck tractors as provided in [section 33] paid in Montana on any personal property or vehicle of the contractor which that is used in the business of the contractor and is located within this state may be credited against the license fees required under this chapter. However, in computing the tax credit allowed by this section against the contractor's corporation license tax or income tax, the ~~personal property tax credit against the license fees herein~~ required ~~shall~~ under this chapter may not be considered as license fees paid for the purpose of such the income tax or corporation license tax credit."

Section 9. Section 20-9-141, MCA, is amended to read:

"20-9-141. Computation of general fund net levy requirement by county superintendent.

(1) The county superintendent shall compute the levy requirement for each district's general fund on the basis of the following procedure:

(a) Determine the funding required for the district's final general fund budget less the sum of direct state aid and the special education allowable cost payment for the district by totaling:

(i) the district's nonisolated school BASE budget requirement to be met by a district levy as provided in 20-9-303; and

(ii) any general fund budget amount adopted by the trustees of the district under the provisions of 20-9-308 and 20-9-353, including any additional funding for a general fund budget that exceeds the maximum general fund budget.

(b) Determine the money available for the reduction of the property tax on the district for the general fund by totaling:

(i) the general fund balance reappropriated, as established under the provisions of 20-9-104;

(ii) amounts received in the last fiscal year for which revenue reporting was required for each of the following:

(A) tuition payments for out-of-district pupils under the provisions of 20-5-321 through 20-5-323;

(B) revenue from ~~property~~ taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204;

(C) oil and natural gas production taxes;

(D) interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4);

(E) revenue from corporation license taxes collected from financial institutions under the provisions of 15-31-702; and

(F) any other revenue received during the school fiscal year that may be used to finance the general fund, excluding any guaranteed tax base aid; and

(iii) pursuant to subsection (4), anticipated revenue from coal gross proceeds under 15-23-703.

(c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from any general fund budget amount adopted by the trustees of the district, up to the BASE budget amount, to determine the general fund BASE budget levy requirement.

(d) Subtract any amount remaining after the determination in subsection (1)(c) from any additional funding requirement to be met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as provided in 20-9-353 to determine any additional general fund levy requirements.

(2) The county superintendent shall calculate the number of mills to be levied on the taxable property in the district to

finance the general fund levy requirement for any amount that does not exceed the BASE budget amount for the district by dividing the amount determined in subsection (1)(c) by the sum of:

(a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000.

(3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the general fund net levy requirement for the district, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) For each school district, the department of revenue shall calculate and report to the county superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross proceeds under 15-23-703."

Section 10. Section 20-9-331, MCA, is amended to read:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district BASE funding program. (1) The county commissioners of each county shall levy an annual basic tax of 33 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204, for the purposes of local and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the elementary BASE funding programs of the school districts in the county and to the state general fund in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE funding programs of all elementary districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The revenue realized from the county's portion of the levy prescribed by this section and the revenue from the following sources must be used for the equalization of the elementary BASE funding program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue

by the county treasurer in accordance with 20-9-212(1):

(a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for the common school fund under the provisions of 17-3-222;

(b) the portion of the federal flood control act funds distributed to a county and designated for expenditure for the benefit of the county common schools under the provisions of 17-3-232;

(c) all money paid into the county treasury as a result of fines for violations of law, except money paid to a justice's court, and the use of which is not otherwise specified by law;

(d) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established or referred to in this section;

(e) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213;

(f) gross proceeds taxes from coal under 15-23-703;

(g) oil and natural gas production taxes;

(h) anticipated local government severance tax payments for calendar year 1995 production as provided in 15-36-325; and

(i) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504~~(2)~~, 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204."

Section 11. Section 20-9-333, MCA, is amended to read:

"20-9-333. Basic special levy and other revenue for county equalization of high school district BASE funding program. (1) The county commissioners of each county shall levy an annual basic special tax for high schools of 22 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504~~(2)~~, 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204, for the purposes of local and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the BASE funding programs of high school districts in the county and to the state general fund in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the county's high school tuition obligation and the total of the BASE funding programs of all high school districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state

general fund immediately upon occurrence of a surplus balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The revenue realized from the county's portion of the levy prescribed in this section and the revenue from the following sources must be used for the equalization of the high school BASE funding program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):

(a) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established in this section;

(b) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213;

(c) gross proceeds taxes from coal under 15-23-703;

(d) oil and natural gas production taxes;

(e) anticipated local government severance tax payments for calendar year 1995 production as provided in 15-36-325; and

(f) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204."

Section 12. Section 20-9-360, MCA, is amended to read:

"20-9-360. **State equalization aid levy.** (1) There is a levy of 40 mills imposed by the county commissioners of each county on all taxable property within the state, except property for which a tax or fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204. Except as provided in subsection (2), proceeds of the levy must be remitted to the state treasurer and must be deposited to the credit of the state general fund for state equalization aid to the public schools of Montana.

(2) For the benefit of each municipality that created an urban renewal area and adopted a tax increment financing provision for the urban renewal area prior to July 1, 1990, the state treasurer shall distribute each fiscal year from the state equalization aid levy to the municipality the amount, if any, equal to the product of the incremental taxable value of the urban renewal area times the reduced school levy for the area, each calculated for the fiscal year. The reduced school levy for a fiscal year is the difference between the aggregate amount of all property tax levies for school purposes in the urban renewal area, expressed in mills, in the fiscal year ended June 30, 1989, and the aggregate amount of all property tax levies for school purposes in the area or the district, expressed in mills, in the fiscal year, including the state equalization aid levy. The state treasurer shall distribute the amounts to municipalities in two

equal installments on December 31 and June 30 of the fiscal year."

Section 13. Section 20-9-501, MCA, is amended to read:

"20-9-501. Retirement fund. (1) The trustees of a district employing personnel who are members of the teachers' retirement system or the public employees' retirement system or who are covered by unemployment insurance or who are covered by any federal social security system requiring employer contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's contributions to the systems. The district's contribution for each employee who is a member of the teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The district's contribution for each employee who is a member of the public employees' retirement system must be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any federal social security system must be paid in accordance with federal law and regulation. The district's contribution for each employee who is covered by unemployment insurance must be paid in accordance with Title 39, chapter 51, part 11.

(2) The trustees of a district required to make a contribution to a system referred to in subsection (1) shall include in the retirement fund of the preliminary budget the estimated amount of the employer's contribution. After the final retirement fund budget has been adopted, the trustees shall pay the employer contributions to the systems in accordance with the financial administration provisions of this title.

(3) When the final retirement fund budget has been adopted, the county superintendent shall establish the levy requirement by:

(a) determining the sum of the money available to reduce the retirement fund levy requirement by adding:

(i) any anticipated money that may be realized in the retirement fund during the ensuing school fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204;

(ii) oil and natural gas production taxes;

(iii) anticipated local government severance tax payments for calendar year 1995 production as provided in 15-36-325;

(iv) coal gross proceeds taxes under 15-23-703;

(v) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school fiscal year

and must be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund budget.

(vi) any other revenue anticipated that may be realized in the retirement fund during the ensuing school fiscal year, excluding any guaranteed tax base aid.

(b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in the final retirement fund budget.

(4) The county superintendent shall:

(a) total the net retirement fund levy requirements separately for all elementary school districts, all high school districts, and all community college districts of the county, including any prorated joint district or special education cooperative agreement levy requirements; and

(b) report each levy requirement to the county commissioners on the fourth Monday of August as the respective county levy requirements for elementary district, high school district, and community college district retirement funds.

(5) The county commissioners shall fix and set the county levy in accordance with 20-9-142.

(6) The net retirement fund levy requirement for a joint elementary district or a joint high school district must be prorated to each county in which a part of the district is located in the same proportion as the district ANB of the joint district is distributed by pupil residence in each county. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.

(7) The net retirement fund levy requirement for districts that are members of special education cooperative agreements must be prorated to each county in which the district is located in the same proportion as the special education cooperative budget is prorated to the member school districts. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county in the same manner as provided in 20-9-151, and the county commissioners shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.

(8) The county superintendent shall calculate the number of mills to be levied on the taxable property in the county to finance the retirement fund net levy requirement by dividing the amount determined in subsection (4)(a) by the sum of:

(a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by

1,000."

Section 14. Section 20-10-144, MCA, is amended to read:

"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund budget. Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent shall compute the revenue available to finance the transportation fund budget of each district. The county superintendent shall compute the revenue for each district on the following basis:

(1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

(a) the sum of the maximum reimbursable expenditures for all approved school bus routes maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus route approved by the county transportation committee and maintained by the district); plus

(b) the total of all individual transportation per diem reimbursement rates for the district as determined from the contracts submitted by the district multiplied by the number of pupil-instruction days scheduled for the ensuing school attendance year; plus

(c) any estimated costs for supervised home study or supervised correspondence study for the ensuing school fiscal year; plus

(d) the amount budgeted on the preliminary budget for the contingency amount permitted in 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100, whichever is larger, the contingency amount on the preliminary budget must be reduced to the limitation amount and used in this determination of the schedule amount; plus

(e) any estimated costs for transporting a child out of district when the child has mandatory approval to attend school in a district outside the district of residence.

(2) (a) The schedule amount determined in subsection (1) or the total preliminary transportation fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county revenue to be budgeted on the following basis:

(i) one-half is the budgeted state transportation reimbursement, except that the state transportation reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be 50% of the schedule amount attributed to the transportation of special education pupils; and

(ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the manner provided in 20-10-146.

(b) When the district has a sufficient amount of cash for reappropriation and other sources of district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero, any remaining amount of district revenue and cash reappropriated must be used to reduce the county financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a)(i).

(c) The county revenue requirement for a joint district, after the application of any district money under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same proportion as the ANB of the joint district is distributed by pupil residence in each county.

(3) The total of the money available for the reduction of property tax on the district for the transportation fund must be determined by totaling:

(a) anticipated federal money received under the provisions of Title I of Public Law 81-874 or other anticipated federal money received in lieu of that federal act;

(b) anticipated payments from other districts for providing school bus transportation services for the district;

(c) anticipated payments from a parent or guardian for providing school bus transportation services for a child;

(d) anticipated or reappropriated interest to be earned by the investment of transportation fund cash in accordance with the provisions of 20-9-213(4);

(e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504~~(2)~~, 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204;

(f) anticipated revenue from coal gross proceeds under 15-23-703;

(g) anticipated oil and natural gas production taxes;

(h) anticipated local government severance tax payments for calendar year 1995 production;

(i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320 through 20-5-324;

(j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year that may be used to finance the transportation fund; and

(k) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and is for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

(4) The district levy requirement for each district's

transportation fund must be computed by:

(a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation budget amount; and

(b) subtracting the amount of money available to reduce the property tax on the district, as determined in subsection (3), from the amount determined in subsection (4)(a).

(5) The transportation fund levy requirements determined in subsection (4) for each district must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the transportation fund levy requirements for the district, and the levy must be made by the county commissioners in accordance with 20-9-142."

Section 15. Section 20-10-146, MCA, is amended to read:

"20-10-146. County transportation reimbursement. (1) The apportionment of the county transportation reimbursement by the county superintendent for school bus transportation or individual transportation that is actually rendered by a district in accordance with this title, board of public education transportation policy, and the transportation rules of the superintendent of public instruction must be the same as the state transportation reimbursement payment, except that:

(a) if any cash was used to reduce the budgeted county transportation reimbursement under the provisions of 20-10-144(2)(b), the annual apportionment is limited to the budget amount;

(b) when the county transportation reimbursement for a school bus has been prorated between two or more counties because the school bus is conveying pupils of more than one district located in the counties, the apportionment of the county transportation reimbursement must be adjusted to pay the amount computed under the proration; and

(c) when county transportation reimbursement is required under the mandatory attendance agreement provisions of 20-5-321.

(2) The county transportation net levy requirement for the financing of the county transportation fund reimbursements to districts is computed by:

(a) totaling the net requirement for all districts of the county, including reimbursements to a special education cooperative or prorated reimbursements to joint districts or reimbursements under the mandatory attendance agreement provisions of 20-5-321;

(b) determining the sum of the money available to reduce the county transportation net levy requirement by adding:

(i) anticipated money that may be realized in the county transportation fund during the ensuing school fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521,

61-3-527, 61-3-537, [section 33], and 67-3-204;

- (ii) oil and natural gas production taxes;
- (iii) anticipated local government severance tax payments for calendar year 1995 production;
- (iv) coal gross proceeds taxes under 15-23-703;
- (v) any fund balance available for reappropriation from the end-of-the-year fund balance in the county transportation fund;
- (vi) federal forest reserve funds allocated under the provisions of 17-3-213; and
- (vii) other revenue anticipated that may be realized in the county transportation fund during the ensuing school fiscal year; and

(c) subtracting the money available, as determined in subsection (2)(b), to reduce the levy requirement from the county transportation net levy requirement.

(3) The net levy requirement determined in subsection (2)(c) must be reported to the county commissioners on the fourth Monday of August by the county superintendent, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) The county superintendent shall apportion the county transportation reimbursement from the proceeds of the county transportation fund. The county superintendent shall order the county treasurer to make the apportionments in accordance with 20-9-212(2) and after the receipt of the semiannual state transportation reimbursement payments."

NEW SECTION. **Section 16. Light vehicle.** "Light vehicle" means a motor vehicle commonly referred to as an automobile, van, sport utility vehicle, or truck having a manufacturer's rated capacity of 1 ton or less.

NEW SECTION. **Section 17. Sport utility vehicle.** "Sport utility vehicle" means a light vehicle designed to transport 10 or fewer persons that is constructed on a truck chassis or that has special features for occasional off-road use. The term does not include trucks having a manufacturer's rated capacity of 1 ton or less.

Section 18. Section 61-3-101, MCA, is amended to read:

"61-3-101. Duties of department -- records. (1) The department shall keep a record as specified in this section of all motor vehicles, trailers, and semitrailers of every kind, and of certificates of registration and ownership of those vehicles, and of all manufacturers and dealers in motor vehicles.

(2) The record must show the following:

(a) name of owner, residence address by street or rural route, town, and county, and mailing address if different than residence address;

(b) name and address of conditional sales vendor,

mortgagee, or other lienholder and amount due under contract or lien;

- (c) manufacturer of vehicle;
- (d) manufacturer's designation of style of vehicle;
- (e) identifying number;
- (f) year of manufacture;
- (g) character of motive power and shipping weight of vehicle as shown by the manufacturer;
- (h) the distinctive license number assigned to the vehicle, if any;
- (i) if a truck or trailer, the number of tons' capacity or GVW if imprinted on manufacturer's identification plate;
- (j) except as provided in 61-3-103, the name and complete address of any holder of a perfected security interest in the vehicle; and
- (k) other information that may from time to time be found desirable.

(3) The department shall file applications for registration received by it from ~~the county treasurers of the state~~ and register the vehicles and the vehicle owners as follows:

- (a) under the distinctive license number assigned to the vehicle by the county treasurer;
- (b) alphabetically under the name of the owner;
- (c) numerically under make and identifying number of the vehicle; and
- (d) ~~either~~ another index of registration as the department considers expedient.

(4) The department shall determine the amount of motor vehicle taxes and fees to be collected at the time of registration for each light vehicle subject to tax under 61-3-503 and for each bus, truck having a manufacturer's rated capacity of more than 1 ton, and truck tractor subject to a fee in lieu of tax under [sections 32 and 33]. The county treasurer shall collect the taxes and fees on each motor vehicle at the time of its registration.

(5) Vehicle registration records and indexes and driver's license records and indexes may be maintained by electronic recording and storage media.

~~(5)~~ (6) In the case of dealers, the records must show the information contained in the application for a dealer's license as required by 61-4-101 through 61-4-105, as well as the distinctive license number assigned to the dealer.

~~(6)~~ (7) In order to prevent an accumulation of unneeded records and files, regardless of any other statutory requirements, the department may destroy all records and files that relate to vehicles that have not been registered within the preceding 4 years and that do not have an active lien.

~~(7)~~ (8) All records must be open to inspection during all reasonable business hours, and the department shall furnish any

information from the records upon payment by the applicant of the cost of the information requested. Prior to providing the information, the department may require the applicant to provide identification. However, the department may, by rule, reasonably restrict disclosure of information on an owner or the owner's vehicle if the owner has requested in writing that the department not disclose the information."

Section 19. Section 61-3-208, MCA, is amended to read:

"61-3-208. Affidavit and bond for certificate. (1) If an applicant for a ~~motor~~ vehicle certificate of title cannot provide the department with a certificate of title transferred to the applicant, the department may issue a certificate of title for the vehicle if the applicant furnishes an affidavit in a form prescribed by the department.

(2) The affidavit must be signed and sworn to before an officer authorized to administer oaths and affirmations. The affidavit must accompany the application for the certificate of title and include:

(a) the facts and circumstances through which the applicant acquired ownership and possession of the ~~motor~~ vehicle;

(b) information as required by the department to enable it to determine what security interests, liens, and encumbrances ~~against the motor vehicle~~, if any, are outstanding against the ~~motor~~ vehicle;

(c) the date and the amount secured by the security interests, liens, and encumbrances, if any; and

(d) a statement that the applicant has the right to have a certificate of title issued.

(3) If after examination of the application, affidavit, and any other evidence the department determines that a certificate of title for the ~~motor~~ vehicle should be issued to the applicant, the department shall require the applicant to file with the department a good and sufficient bond before issuing the certificate of title. The bond must be:

(a) in an amount equal to the average trade-in or wholesale value of the ~~motor~~ vehicle as determined under the provisions of 61-3-503(1)(c) by the applicable national appraisal guide for the vehicle as of January 1 for the year in which the application for certificate of title is made. When a national appraisal guide is not available for a vehicle, the department shall determine an alternative value for the vehicle.

(b) conditioned to indemnify a prior owner, lienholder, subsequent purchaser, secured creditor, or encumbrancer of the motor vehicle, and any respective successors in interest, against expenses, losses, or damages caused by the issuance of the certificate or by a defect in or undisclosed security interest upon the right, title, and interest of the applicant in the ~~motor~~ vehicle; and

(c) issued by a surety company authorized to do business in the state.

(4) Any interested person has a right of action to recover on the bond for a breach of its conditions, but the aggregate liability of the surety to all persons may not exceed the amount of the bond.

(5) Unless the department has been notified of a pending action to recover the bond, the department shall return the bond at the earlier of:

(a) 3 years from the date of issuance of the certificate of title; or

(b) the date of surrender of the valid certificate of title to the department if the vehicle is no longer registered in this state."

Section 20. Section 61-3-303, MCA, is amended to read:

"61-3-303. Application for registration. (1) Each owner of a motor vehicle operated or driven upon the public highways of this state shall for each motor vehicle owned, except as otherwise provided in this section, file or cause to be filed in the office of the county treasurer where the owner permanently resides at the time of making the application or, if the vehicle is owned by a corporation or used primarily for commercial purposes, in the taxing jurisdiction of the county where the vehicle is permanently assigned, an application for registration or reregistration ~~upon a blank on a form to be prepared and furnished prescribed~~ by the department. The application must contain:

(a) the name and address of the owner, giving the county, school district, and town or city within whose corporate limits the motor vehicle is taxable, if taxable, or within whose corporate limits the owner's residence is located if the motor vehicle is not taxable;

(b) the name and address of the holder of any security interest in the motor vehicle;

(c) a description of the motor vehicle, including make, year model, engine or serial number, manufacturer's model or letter, gross weight, declared weight on all trucks for which the manufacturer's rated capacity is 1 ton or less, and type of body and, if a truck, the manufacturer's rated capacity;

(d) the declared weight on all trailers operating intrastate, except travel trailers or trailers and semitrailers registered as provided in 61-3-711 through 61-3-733; and

(e) other information that the department may require.

(2) A person who files an application for registration or reregistration of a motor vehicle, except of a mobile home as defined in 15-1-101(1), shall upon the filing of the application pay to the county treasurer:

(a) the registration fee, as provided in 61-3-311 and

61-3-321 or 61-3-456; and

(b) except as provided in 61-3-456 or unless it has been previously paid:

(i) the ~~personal property~~ motor vehicle taxes or fees in lieu of tax assessed or imposed against the vehicle for the current year of registration and the immediately previous year; or

(ii) the new motor vehicle sales tax against the vehicle for the current year of registration.

(3) The application may not be accepted by the county treasurer unless the payments required by subsection (2) accompany the application. The department ~~of revenue~~ may not assess or impose and the county treasurer may not collect taxes or fees for a period other than:

(a) the current year; and

(b) the immediately previous year if the vehicle was not registered or operated on the highways of the state, regardless of the period of time since the vehicle was previously registered or operated.

(4) The department ~~of revenue~~ may make full and complete investigation of the tax status of the vehicle. An applicant for registration or reregistration shall submit proof from the tax or other appropriate records of the proper county at the request of the department ~~of revenue~~."

Section 21. Section 61-3-456, MCA, is amended to read:

"61-3-456. Registration of motor vehicle owned and operated by Montana resident on active military duty stationed outside Montana. (1) An owner of a motor vehicle who is a Montana resident on active military duty and stationed outside Montana may file with the department an application for the registration of the motor vehicle. The application must be sworn to before an officer authorized to administer oaths. The application must state:

(a) the name and address of the owner;

(b) the make, the gross weight, the year and number of the model, and the manufacturer's identification number and serial number of the motor vehicle; and

(c) that the vehicle is owned and operated by a Montana resident who is on active military duty and stationed outside Montana.

(2) The registration fee for a motor vehicle registered under subsection (1) is as provided in 61-3-311 and 61-3-321.

(3) A vehicle registered under this section is not subject to:

(a) the taxes described in 61-3-303(2)(b);

(b) assessment under 15-8-202 or 61-3-503 or the fee in lieu of tax under [section 33]; or

(c) any of the fees provided in part 5 of this chapter."

Section 22. Section 61-3-501, MCA, is amended to read:

"61-3-501. When vehicle taxes and fees are due. (1)

Property Motor vehicle taxes, fees in lieu of tax, new car taxes, and fees must be paid on the date of registration or reregistration of the vehicle.

(2) If the anniversary date for reregistration of a vehicle passes while the vehicle is owned and held for sale by a licensed new or used car dealer, property motor vehicle taxes or fees in lieu of tax abate on ~~such the~~ vehicle properly reported with the ~~department of revenue~~ county treasurer until the vehicle is sold and thereafter. After the sale, the purchaser shall pay the pro rata balance of the taxes or fees in lieu of tax due and owing on the vehicle.

(3) In the event that a vehicle's registration period is changed under 61-3-315, all taxes or fees in lieu of tax and other fees due ~~thereon shall must~~ be prorated and paid from the last day of the old period until the first day of the new period in which the vehicle ~~shall be is~~ registered. ~~Thereafter The taxes or fees in lieu of tax~~ and other fees must be paid from the first day of the new period for a minimum period of 1 year. When the change is to a later registration period, taxes and fees ~~shall must~~ be prorated and paid based on the same tax year as the original registration period. Thereafter, during the appropriate anniversary registration period, each vehicle ~~shall must~~ again ~~register or reregister~~ be registered or reregistered and ~~shall pay all taxes and fees due thereon must be paid~~ for a 12-month period."

Section 23. Section 61-3-503, MCA, is amended to read:

"61-3-503. Assessment. (1) Except as provided in 61-3-520 and subsection ~~(2)~~ (4) of this section, the following apply to the taxation of motor vehicles:

~~(a) Except as provided in subsections (1)(c) through (1)(e), a person who files an application for registration or reregistration of a motor vehicle shall before filing the application with the county treasurer submit the application to the department of revenue. The department of revenue shall enter on the application in a space to be provided for that purpose the market value and taxable value of the vehicle as of January 1 of the year for which the application for registration is made.~~

~~(b) Except as provided in subsection (1)(e), motor vehicles are assessed for taxes on January 1 in each year irrespective of the time fixed by law for the assessment of other classes of personal property and irrespective of whether the levy and tax may be a lien upon real property within the state. A motor vehicle is not subject to assessment, levy, and taxation more than once in each year.~~

~~(c)~~ (a) Vehicles subject to the provisions of 61-3-313 through 61-3-316 must be assessed as of the first day of the

registration period, using the average trade-in or wholesale value as of January 1 of the year of assessment of the vehicle as contained in the most recent volume of the Mountain States Edition of the National Automobile Dealers Association (N.A.D.A.) Official Used Car Guide, the National Edition of N.A.D.A. Appraisal Guides Official Older Used Car Guide, or another nationally published used vehicle or appraisal guide approved by the department of revenue or, for a vehicle that was never listed in any edition of the preceding guides, the retail value of the vehicle as determined by the department of revenue, and depreciated 10% a year until a value of \$500 is reached, not including additions or deductions for options and mileage, but including additions or deductions, whether or not one of the preceding guides is used, for diesel engines, and a depreciated value of the manufacturer's suggested retail price as determined in subsection (2).

(b) A lien for taxes and fees due on the vehicle accrues on the anniversary date of the registration and continues until the fees and taxes have been paid. If the depreciated value shown in any of the appraisal guides listed in this section is less than \$500, the department shall value the vehicle at \$500.

~~(d) Quadricycles must be assessed, using the greater of the following:~~

~~(i) \$250; or~~

~~(ii) the average trade-in or wholesale value as of January 1 of the year of assessment of the vehicle as contained in the most recent volume of the applicable National Edition of the N.A.D.A. Motorcycle/Moped/ATV Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal Guide or another nationally published used vehicle or appraisal guide approved by the department of revenue, not including additions or deductions for options and mileage.~~

~~(e) If a vehicle assessed under subsection (1) (c) or (1) (d) is not originally listed in the applicable N.A.D.A. guide or other approved guide, the department of revenue shall depreciate the original f.o.b. factory list price, f.o.b. port of entry list price, or the manufacturer's suggested list price, using the following methods:~~

~~(i) if the new car sales tax has been previously paid and the vehicle is less than 1 year in age, the depreciation percentage is 20%; or~~

~~(ii) if the vehicle is 1 year or older in age and it is not listed in any of the appraisal guides listed in this section, the department of revenue shall determine the depreciation percentage to approximate the average wholesale or trade-in values in the current N.A.D.A. guides or other approved guides referred to in this subsection (1). For purposes of this subsection (1), the age of the vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year of assessment.~~

~~(f) When a minimum value of \$500 is reached, the value must~~

~~remain at that minimum as long as the vehicle is registered.~~

~~(g) If a previously registered vehicle is no longer listed in the applicable N.A.D.A. guide or other approved guide, the department of revenue shall depreciate the value of the vehicle at the rate of 10% a year until a minimum amount of \$500 is attained, and the value must remain at that amount as long as the vehicle is registered.~~

(2) (a) Except as provided in subsections (2) (c) and (2) (d), the depreciated value for the taxation of light vehicles is computed by multiplying the manufacturer's suggested retail price by a percentage multiplier based on the type and age of the vehicle determined from the following table:

<u>Age of Vehicle</u>		<u>Type of Vehicle</u>			
<u>(in years)</u>	<u>Automobile</u>	<u>Truck</u>	<u>Van</u>	<u>Sport Utility</u>	
<u>-1</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	
<u>0</u>	<u>90</u>	<u>96</u>	<u>93</u>	<u>98</u>	
<u>1</u>	<u>80</u>	<u>91</u>	<u>86</u>	<u>94</u>	
<u>2</u>	<u>69</u>	<u>86</u>	<u>78</u>	<u>90</u>	
<u>3</u>	<u>58</u>	<u>80</u>	<u>69</u>	<u>84</u>	
<u>4</u>	<u>49</u>	<u>73</u>	<u>60</u>	<u>76</u>	
<u>5</u>	<u>41</u>	<u>66</u>	<u>52</u>	<u>67</u>	
<u>6</u>	<u>33</u>	<u>57</u>	<u>45</u>	<u>57</u>	
<u>7</u>	<u>26</u>	<u>49</u>	<u>38</u>	<u>48</u>	
<u>8</u>	<u>21</u>	<u>43</u>	<u>32</u>	<u>39</u>	
<u>9</u>	<u>17</u>	<u>37</u>	<u>27</u>	<u>33</u>	
<u>10</u>	<u>14</u>	<u>31</u>	<u>22</u>	<u>29</u>	
<u>11</u>	<u>12</u>	<u>26</u>	<u>18</u>	<u>25</u>	
<u>12</u>	<u>10</u>	<u>22</u>	<u>15</u>	<u>22</u>	
<u>13</u>	<u>09</u>	<u>18</u>	<u>13</u>	<u>21</u>	
<u>14</u>	<u>09</u>	<u>15</u>	<u>11</u>	<u>19</u>	
<u>15</u>	<u>09</u>	<u>13</u>	<u>09</u>	<u>17</u>	
<u>16</u>	<u>09</u>	<u>12</u>	<u>09</u>	<u>15</u>	

(b) The age for the light vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year for which the tax is due.

(c) If the value of the vehicle determined under subsection (2) (a) is \$500 or less, the value of the vehicle is \$500 and the value must remain at that amount as long as the vehicle is registered.

(d) The depreciated value of a light vehicle that is 17 years old or older is computed by depreciating the value obtained for the vehicle at 16 years old as determined under subsection (2) (a) by 10% a year until a minimum value of \$500 is attained. The value must remain at that amount as long as the vehicle is registered.

(3) (a) For the purposes of this section, "manufacturer's suggested retail price" means the price suggested by the manufacturer for each given type, style, or model of light vehicle produced and first made available for retail sale by the

manufacturer.

(b) The manufacturer's suggested retail price is based on standard equipment of a vehicle and does not contain price additions or deductions for optional accessories.

(c) When a manufacturer's suggested retail price is unavailable for a motor vehicle, the department shall determine an alternative valuation for the vehicle.

~~(2)(4)~~ The provisions of subsections ~~(1)(a)~~ (1) through ~~(1)(g)~~ (3) do not apply to buses, trucks having a manufacturer's rated capacity of more than 1 ton, truck tractors, motorcycles, motor homes, quadricycles, travel trailers, campers, or mobile homes as defined in 15-1-101(1)."

Section 24. Section 61-3-504, MCA, is amended to read:

"61-3-504. Computation of tax. (1) The amount of taxes on a motor light vehicle, ~~other than an automobile, truck having a rated capacity of 1 ton or less, motorcycle, quadricycle, motor home, travel trailer, camper, or mobile home, is computed and determined by the county treasurer on the basis of the levy of the year preceding the current year of application for registration or reregistration.~~

~~(2) The amount of tax on an automobile or truck having a rated capacity of 1 ton or less, except for vehicles registered under 61-3-456 or owned by disabled veterans qualifying for special license plates under 61-3-332(10)(c)(i)(A) or 61-3-426(2), and on a quadricycle is 2% of the value determined under 61-3-503.~~

~~(3)(2)~~ The amount of tax on fleet vehicles subject to the provisions of 61-3-318 is 1% of the value determined under 61-3-503.

~~(4) For all taxable motor vehicles, the amount of tax is entered on the application form in a space provided for that purpose."~~

Section 25. Section 61-3-506, MCA, is amended to read:

"61-3-506. Rules. (1) ~~The department of revenue shall adopt rules for the payment of property taxes and the department of transportation shall adopt rules for the payment of new car taxes under the provisions of 61-3-313 through 61-3-316, 61-3-501, and 61-3-520. The department of revenue may adopt rules for the proration of taxes for the implementation and administration of 61-3-313 through 61-3-316, 61-3-501, and 61-3-520, but shall specifically provide that new car taxes shall be for a 12 month period~~

(2) The department of justice may adopt rules:

(a) for the assessment and collection of taxes and fees on light vehicles, including the proration of taxes under 61-3-520; and

(b) for the imposition and collection of fees in lieu of

tax, including the proration of fees in lieu of tax under 61-3-520, on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including criteria for determining the vehicle's age and manufacturer's rated capacity."

Section 26. Section 61-3-507, MCA, is amended to read:

"61-3-507. Exemption. ~~(1) A motor vehicle subject to anniversary date registration as provided in 61-3-313 through 61-3-316 is exempt from the provisions of 61-3-503(1)(b).~~

~~(2)~~ A vehicle that is exempt from taxation under 15-6-215 or subject to the provisions of 61-3-520 is exempt from all other taxes and fees generally imposed on a vehicle by this part."

Section 27. Section 61-3-509, MCA, is amended to read:

"61-3-509. Disposition of taxes. (1) Except as provided in subsection (2), the county treasurer shall, after deducting the district court fee, credit all taxes on motor vehicles and fees in lieu of tax on motorcycles, quadricycles, motor homes, travel trailers, ~~and campers~~, buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors collected under 61-3-504, 61-3-521, 61-3-527, ~~and 61-3-537, and [section 33]~~ to a motor vehicle suspense fund, ~~and at~~. At some time between March 1 and March 10 of each year and every 60 days after that date, the county treasurer shall distribute the money in the motor vehicle suspense fund in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed.

(2) The county treasurer shall deduct as a district court fee 7% of the amount of the 2% tax collected on ~~an automobile or truck having a rated capacity of 1 ton or less~~ light vehicles. The county treasurer shall credit the fee for district courts to a separate suspense account and shall forward the amount in the account to the state treasurer at the time that the county treasurer distributes money from the motor vehicle suspense fund. The state treasurer shall credit amounts received under this subsection to the general fund to be used for purposes of state funding of ~~the~~ district court expenses as provided in 3-5-901."

Section 28. Section 61-3-520, MCA, is amended to read:

"61-3-520. Taxation of Taxes and fees on vehicles used exclusively in filming motion pictures or television commercials. (1) A vehicle used exclusively in the filming of motion pictures or television commercials that has been in the state for a period exceeding 180 consecutive days in a calendar year ~~must be assessed~~ is subject to assessment or a fee in lieu of tax as if the vehicle were not used exclusively for filming motion pictures or television commercials, but the assessment or fee in lieu of tax must be prorated as provided in subsection (2).

(2) The taxes assessed or the fees in lieu of tax imposed under subsection (1) must be prorated by dividing the number of days in excess of 180 consecutive days in the calendar year by 365.

(3) (a) Taxes on a vehicle imposed pursuant to this section must be collected as provided in Title 15, chapter 16, part 1, for the collection of personal property taxes generally.

(b) Fees on a vehicle imposed pursuant to this section must be collected as provided in this chapter."

Section 29. Section 61-3-527, MCA, is amended to read:

"61-3-527. Fee in lieu of tax for motorcycles and quadricycles -- schedule of fees. (1) (a) There is a fee in lieu of property tax imposed on motorcycles and quadricycles. The fee is in addition to annual registration fees.

(b) The fee imposed by subsection (1)(a) ~~need is~~ not required to be paid by a dealer for motorcycles or quadricycles that constitute inventory of the dealership.

(2) The owner of a motorcycle or quadricycle shall pay a fee based on the age of the motorcycle or quadricycle and the size of the engine, as follows:

(a) The fee schedule for a motorcycle or quadricycle with an engine that measures from 1 cubic centimeter to 600 cubic centimeters is as follows:

- (i) less than 2 years old, \$30;
- (ii) 2 years old and less than 5 years old, \$25;
- (iii) 5 years old and less than 11 years old, \$15; and
- (iv) 11 years old and older, \$10.

(b) The fee schedule for a motorcycle or quadricycle with an engine that measures from 601 cubic centimeters to 1,000 cubic centimeters is as follows:

- (i) less than 2 years old, \$70;
- (ii) 2 years old and less than 5 years old, \$55;
- (iii) 5 years old and less than 11 years old, \$40; and
- (iv) 11 years old and older, \$30.

(c) The fee schedule for a motorcycle or quadricycle with an engine that measures 1,001 cubic centimeters and larger is as follows:

- (i) less than 2 years old, \$110;
- (ii) 2 years old and less than 5 years old, \$90;
- (iii) 5 years old and less than 11 years old, \$65; and
- (iv) 11 years old and older, \$40.

(d) The age of a motorcycle or quadricycle is determined by subtracting the manufacturer's designated model year from the current calendar year."

Section 30. Section 61-3-535, MCA, is amended to read:

"61-3-535. Vehicle reregistration by mail -- ~~renewal cards~~ reminder notice and reregistration notice by mail. (1) ~~Except as~~

~~provided in subsection (2), an owner of the following types of motor vehicles may reregister by mail:~~

~~(a) light vehicles, quadricycles, and other vehicles subject to tax under 61-3-504(2); and~~

~~(b) motorcycles, travel trailers, campers, and motor homes subject to a fee in lieu of tax under 61-3-521 and 61-3-527.~~

~~(2) The option to reregister by mail need only be made available for vehicles, motor homes, and travel trailers registered at the close of the expiring registration period in the name of the applicant for reregistration and only if The department may allow the owner of a motor vehicle to renew the registration of a vehicle by mail when the value, age, length, weight, or other criteria used to determine the tax or fee for a particular type of vehicle is available to the department by electronic means.~~

~~(3)(2) The department shall develop a procedure to facilitate the reregistration by mail of the vehicles listed in subsection (1). The Any mail reregistration procedure developed by the department must include a procedure to facilitate automated handling of mail reregistration or recertification.~~

~~(4) The procedure implemented by the department to permit reregistration or camper decal application by mail must and must provide for a written reminder notice by mail to a vehicle owner of the requirement to reregister the owner's vehicle with the county treasurer or to apply for the annual camper decal.~~

~~(5)(3) The department shall adopt rules to implement the mail reregistration and decal application procedure."~~

Section 31. Section 61-3-537, MCA, is amended to read:

"61-3-537. (Temporary) Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to a ~~property~~ tax under 61-3-504(2) at a rate of up to 0.5% of the value determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).

(2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed under 61-3-504(2). The first priority of the local vehicle tax is for district court funding, and the tax is distributed as follows:

(a) 50% to the county; and

(b) the remaining 50% to the county and the incorporated cities and towns within the county, apportioned on the basis of population. The distribution to a city or town is determined by multiplying the amount of money available by the ratio of the population of the city or town to the total county population. The distribution to the county is determined by multiplying the amount of money available by the ratio of the population of unincorporated areas within the county to the total county population.

(3) The governing body of a county may impose, revise, or

revoke a local vehicle tax by adopting a resolution before July 1, after conducting a public hearing on the proposed resolution. The resolution may provide for the distribution of the local vehicle tax. (Terminates June 30, 2005--sec. 2, 3, Ch. 217, L. 1995.)

61-3-537. (Effective July 1, 2005) Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to a ~~property~~ tax under 61-3-504(2) at a rate of up to 0.5% of the value determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).

(2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed under 61-3-504(2) and is distributed in the same manner, based on the registration address of the owner of the motor vehicle.

(3) The governing body of a county may impose, revise, or revoke a local vehicle tax by adopting a resolution before July 1, after conducting a public hearing on the proposed resolution."

NEW SECTION. Section 32. Definitions. As used in [section 33] and this section, unless the context requires otherwise, the following definitions apply:

(1) "Bus" has the same meaning as provided in 61-1-115.

(2) "Manufacturer's rated gross combined weight" means the manufacturer's published weight of the allowable load for a truck tractor and trailer combined and includes the weight of the truck tractor and the trailer.

(3) "Manufacturer's rated gross vehicle weight" means the manufacturer's published weight of the allowable load for a truck and includes the weight of the truck.

(4) "Truck" means a motor vehicle designed to carry an entire load. The truck may consist of a chassis and body or a chassis-cab and body or it may be of unitized construction so that the body and cab appear to be a single unit.

(5) "Truck tractor" has the same meaning as provided in 61-1-108.

NEW SECTION. Section 33. Schedule of fees for buses, motor vehicles having rated capacity of more than 1 ton, and truck tractors -- proration -- exemption. (1) (a) There is a fee in lieu of property tax imposed on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors. The fee is in addition to annual registration fees.

(b) The fee imposed by subsection (1)(a) is not required to be paid by a dealer of buses, trucks, or truck tractors that constitute inventory of the dealership.

(2) Subject to the conditions of subsection (4), the owner of a bus, truck with a manufacturer's rated capacity of more than 1 ton, or truck tractor shall pay a fee in lieu of tax based on the age and manufacturer's rated capacity of the vehicle

according to the following schedule:

Age of Vehicle (in years)	Rated Capacity (in pounds)			
	16,999 or less	17,000-26,999	27,000-54,999	55,000 or more
1 or less	\$234	\$334	\$568	\$750
2	218	300	500	600
3	200	268	440	532
4	184	234	368	484
5	166	218	320	390
6	150	200	268	334
7	132	182	234	294
8	116	166	200	250
9	100	150	184	218
10	82	116	158	184
11-12	66	100	134	152
13-14	56	74	104	122
15-16	50	60	76	94
17-18	36	52	58	72
19-20	26	38	44	52
21 or more	20	24	32	40

(3) The age of the vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year for which the fee in lieu of tax is due.

(4) (a) The manufacturer's rated capacity for a bus or truck with a manufacturer's rated capacity of more than 1 ton is the manufacturer's rated gross vehicle weight.

(b) The manufacturer's rated capacity for a truck tractor is the manufacturer's rated gross combined weight.

(5) A motor vehicle brought into the state or otherwise used for the exclusive purpose of filming motion pictures or television commercials is exempt from the fee in lieu of tax if the vehicle does not remain in the state for a period in excess of 180 consecutive days in a calendar year.

~~(5)~~(6) The Except as provided in 61-3-520, the fee in lieu of tax on a vehicle subject to this section that is brought or driven into this state by a nonresident person for hire, compensation, or profit must be prorated according to the ratio that the remaining number of months in the year bears to the total number of months in the year.

~~(6)~~(7) (a) The fee in lieu of tax on a vehicle subject to this section that is registered in the state for the first time must be prorated as provided in subsection ~~(5)~~ (6).

(b) The fee in lieu of tax on a vehicle subject to this section that is reregistered in the state is for a full year.

~~(7)~~(8) The fee in lieu of tax may not be refunded.

NEW SECTION. Section 34. Assessment of proportionally registered interstate motor vehicle fleets -- payment of tax or fee in lieu of tax required for registration. (1) (a) Except as

provided in subsection (2), the department of transportation shall determine the fee for the purpose of imposing the fee in lieu of tax as provided in [sections 32 and 33] on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, in interstate motor vehicle fleets that are proportionally registered under the provisions of 61-3-711 through 61-3-733. The fee must be apportioned on the ratio of total miles traveled to in-state miles traveled as prescribed by 61-3-721. The fee in lieu of tax on interstate motor vehicle fleets is imposed upon application for proportional registration and must be paid by the persons who own or claim the fleet or in whose possession or control the fleet is at the time of the application.

(b) With respect to an original application for a fleet that has a situs in Montana for the purpose of the fee in lieu of tax under this part or any other provision of the laws of Montana, the fee in lieu of tax on fleet vehicles must be prorated according to the ratio that the remaining number of months in the year bears to the total number of months in the year.

(2) For the purpose of taxation, the department of transportation shall assess light vehicles, as defined in [section 16], that are part of an interstate motor vehicle fleet as follows:

(a) The value of each vehicle is determined in the same manner as provided in 61-3-503.

(b) The value determined under subsection (2)(a) multiplied by the percent of miles traveled in Montana, as prescribed by 61-3-721, is the market value.

(c) The sum of the market value of all vehicles subject to tax under this subsection (2) multiplied by 2% is the tax for the entire fleet.

(d) With respect to an original application for a fleet that has a situs in Montana for the purpose of taxation under this part or any other provision of the laws of Montana, the taxes on taxable vehicles are determined as provided in subsection (2)(b).

(e) Vehicles taxed as part of a fleet under this subsection (2) are not subject to the local option tax imposed under 61-3-537.

(3) With respect to a renewal application for a fleet, taxable vehicles are assessed and taxed for a full year and for all other vehicles the fee in lieu of tax is imposed for a full year.

(4) Vehicles contained in a fleet for which current taxes or fees, or both, have been assessed and paid may not be assessed or charged fees under this section upon presentation to the department of proof of payment of taxes, fees, or both for the current registration year. The payment of fleet vehicle taxes,

fees in lieu of tax, and license fees is a condition precedent to proportional registration or reregistration of an interstate motor vehicle fleet.

(5) All taxes and fees collected on motor vehicle fleets under this chapter must be deposited and distributed as provided in [section 36].

NEW SECTION. Section 35. Situs in state of proportionally registered fleets -- collection of taxes and fees. (1) For the purposes of this part, any vehicle previously registered or that has had application for registration made under the provisions of 61-3-711 through 61-3-733 has a situs in Montana for the purposes of taxation or the fee in lieu of tax.

(2) The department of transportation shall collect the fleet vehicle taxes, the fees in lieu of tax, and license fees prescribed in this part.

NEW SECTION. Section 36. Deposit and distribution of taxes and fees on proportionally registered fleets. The taxes, fees in lieu of tax, and license fees collected under this part must be deposited with the state treasurer for distribution to the general fund of each county on the following basis:

(1) for fleet vehicle taxes and fees in lieu of tax, according to the ratio of the taxable valuation of each county to the total state taxable valuation; and

(2) for fleet vehicle license fees, according to the ratio of vehicle license fees, other than fees derived from interstate motor vehicle fleets, collected in each county to the sum of all fleet vehicle fees collected in all the counties.

Section 37. Section 61-3-701, MCA, is amended to read:

"61-3-701. Foreign vehicles used in gainful occupation to be registered -- reciprocity. (1) Before ~~any~~ a foreign licensed motor vehicle may be operated on the highways of this state for hire, compensation, or profit or before the owner ~~and/or~~ or user ~~thereof of the vehicle~~ uses the vehicle if such the owner and/or or user is engaged in gainful occupation or business enterprise in the state, including highway work, the owner of the vehicle shall ~~make application~~ apply to a county treasurer for registration upon an application form furnished by the department. Upon satisfactory evidence of ownership submitted to the county treasurer and the payment of ~~property motor vehicle~~ taxes or fees in lieu of taxes, if appropriate, as required by 15-8-201, 15-8-202, 15-24-301, 61-3-504, ~~or~~ 61-3-537, or [section 33], the treasurer shall accept the application for registration and shall collect the regular license fee required for the vehicle.

(2) ~~The~~ Upon payment of the fees or taxes, the treasurer shall ~~thereupon~~ issue to the applicant a copy of the certificate

entitled "Owner's Certificate of Registration and Payment Receipt" and forward a duplicate copy of the certificate to the department. The treasurer shall at the same time issue to the applicant the proper license plates or other identification markers, which ~~shall~~ must at all times be displayed upon the vehicle when operated or driven upon roads and highways of this state during the effective period ~~of the life~~ of the license.

(3) The registration receipt ~~shall~~ does not constitute evidence of ownership but ~~shall~~ must be used only for registration purposes. ~~No~~ A Montana certificate of ownership ~~shall~~ may not be issued for this type of registration.

(4) This section is not applicable to ~~any~~ a vehicle covered by a valid and existing reciprocal agreement or declaration entered into under the provisions of the laws of Montana."

Section 38. Section 61-12-402, MCA, is amended to read:

"**61-12-402. Notice to owner.** (1) Within 72 hours after ~~any~~ a vehicle is removed and held by or at the direction of the Montana highway patrol, the highway patrol shall notify the sheriff of the county in which the vehicle was located at the time it was taken into custody ~~and~~ of the place where the vehicle is being held. In addition, the Montana highway patrol shall furnish the sheriff:

(a) a complete description of the vehicle, including year, make, model, serial number, and license number if available;

(b) any costs incurred to that date in the removal, storage, and custody of the vehicle; and

(c) any available information concerning its ownership.

(2) The sheriff or the city police shall make reasonable efforts to ascertain the name and address of the owner, lienholder, or person entitled to possession of the vehicle taken into custody under 61-12-401. If a name and address are ascertained, the sheriff or the city police shall notify the owner, ~~and~~ lienholder, or person of the location of the vehicle.

(3) If the vehicle is registered in the office of the department, notice is considered to have been given when a ~~registered or~~ certified letter addressed to the registered owner of the vehicle and lienholder, if any, at the latest address shown by the records in the office of the department, return receipt requested and postage prepaid, is mailed at least 30 days before the vehicle is sold.

(4) If the identity of the last-registered owner cannot be determined, if the registration does not contain an address for the owner, or if it is impossible to determine with reasonable certainty the identity and addresses of all lienholders, notice by one publication in one newspaper of general circulation in the county where the motor vehicle was abandoned is sufficient to meet all requirements of notice pursuant to this part. The notice by publication ~~can~~ may contain multiple listings of abandoned

vehicles. The notice must be provided in the same manner as prescribed in 25-13-701(1)(b).

(5) If the abandoned vehicle is in the possession of a motor vehicle wrecking facility licensed under 75-10-511, the wrecking facility may make the required search to ascertain the name and address of the owner, lienholder, or person entitled to possession of the vehicle and shall give the notices required in subsections (2) through (4). The wrecking facility shall deliver to the sheriff or the city police a certificate describing the efforts made to ascertain the name and address of the owner, lienholder, or person entitled to possession of the vehicle and shall deliver to the sheriff or the city police proof of the notice given.

(6) A vehicle found by law enforcement officials to be a "junk vehicle", as defined by 75-10-501, and ~~certified as having an appraised~~ that has a value of \$500 or less, as determined by the department of revenue, may be directly submitted for disposal in accordance with the provisions of ~~part 5 of chapter 10, Title 75, chapter 10, part 5,~~ upon a release given by the sheriff or the city police. In the release, the sheriff or the city police shall include a description of the vehicle, including year, make, model, serial number, and license number if available. A release provided by the sheriff or the city police under this section must be transmitted to the motor vehicle wrecking facility and must be considered by that facility to meet the requirements for records under 75-10-512 and 75-10-513. Vehicles described in this section may be submitted for disposal without notice and without a required holding period."

NEW SECTION. Section 39. Legislative audit committee analysis. (1) The legislative audit committee shall conduct or have conducted an analysis of alternative methods of classification, valuation, and taxation of automobiles and trucks having a manufacturer's rated capacity of 1 ton or less. The analysis must include:

- (a) alternative methods of valuation and taxation;
- (b) imposition of a flat tax or fees in lieu of taxes;
- (c) multiyear licensing;
- (d) cost-effectiveness and public convenience of alternative methods of classifying motor vehicles and of collecting motor vehicle taxes or fees;
- (e) anticipated costs and revenue of alternative systems compared with the present system of classifying, valuing, and taxing motor vehicles; and
- (f) alternative methods for formulas based on revenue allocations to counties.

(2) The committee shall report the results of its analysis to the 56th legislature.

NEW SECTION. **Section 40. Codification instruction.** (1) [Sections 16 and 17] are intended to be codified as an integral part of Title 61, chapter 1, part 1, and the provisions of Title 61, chapter 1, part 1, apply to [sections 16 and 17].

(2) [Sections 32 and 33] are intended to be codified as an integral part of Title 61, chapter 3, part 5, and the provisions of Title 61, chapter 3, part 5, apply to [sections 32 and 33].

(3) [Sections 34 through 36] are intended to be codified as an integral part of Title 61, chapter 3, part 7, and the provisions of Title 61, chapter 3, part 7, apply to [sections 34 through 36].

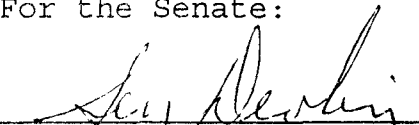
NEW SECTION. **Section 41. Repealer.** Sections 15-24-101, 15-24-102, 15-24-103, 15-24-104, 15-24-105, and 15-24-2501, MCA, are repealed.

NEW SECTION. **Section 42. Effective dates -- applicability -- rulemaking.** (1) Except for the purposes of subsection (2), [this act] is effective January 1, 1998, and applies to tax years beginning after December 31, 1997.

(2) For the purposes of promulgating administrative rules under 61-3-506 and conducting the analysis required by [section 39], [sections 25 and 39 and this section] are effective on passage and approval."

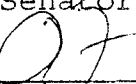
And that this FREE Conference Committee report be adopted.

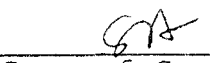
For the Senate:


Senator Gerry Devlin, Chair

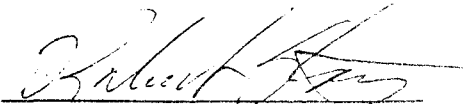

Senator Robert DePratu

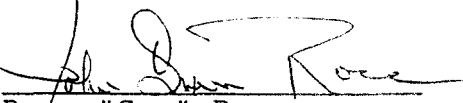

Senator Mignon Waterman


Amd. Coord.


Sec. of Senate

For the House:


Rep. Robert Story, Chair


Rep. "Sam" Rose


Rep. Robert Ream

insurance ~~coverage~~ coverages available under the policy or policies for any one accident.

(2) A motor vehicle liability policy may also provide for other reasonable limitations, exclusions, or reductions of coverage ~~which~~ *that* are designed to prevent duplicate payments for the same element of loss or *to prevent the adding together of insurance coverage limits in one policy or from more than one policy issued by the same company.*

(3) *An insurer that charges a premium for a specified coverage shall clearly inform or notify the insured in writing of the limits of the coverage with respect to the premium charged and whether the coverage from one policy or motor vehicle may be added to the coverage of another policy or motor vehicle.*

(4) *Nothing in this section is intended to create coverage for a motor vehicle that would otherwise be uninsured."*

Section 2. Section 33-23-204, MCA, is amended to read:

"33-23-204. Definitions. As used in this part, the following definitions apply:

(1) "Motor vehicle" means ~~every~~ *a* vehicle propelled by its own power and designed primarily to transport persons or property upon the highways of the state. The term does not include a bicycle as defined in 61-1-123.

(2) "Motor vehicle liability policy" means ~~any~~ *a* policy of automobile or motor vehicle insurance against liability ~~now or hereafter~~ required under Title 61, chapter 6, parts 1 and 3, *and all additional coverages included in or added to the policy by rider, endorsement, or otherwise, whether or not required under Title 61, including, without limitation, uninsured, underinsured, and medical payment coverages."*

Section 3. Applicability. [This act] applies to all motor vehicle liability policies issued or renewed after [the effective date of this act].

Section 4. Effective date. [This act] is effective on passage and approval.

Approved May 2, 1997

CHAPTER NO. 496

[SB 57]

AN ACT GENERALLY REVISING THE CLASSIFICATION, VALUATION, AND TAXATION OF MOTOR VEHICLES; TAXING AUTOMOBILES, TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF 1 TON OR LESS, VANS, AND SPORT UTILITY VEHICLES AT 2 PERCENT OF THE DEPRECIATED VALUE OF THE MANUFACTURER'S SUGGESTED RETAIL PRICE; EXEMPTING FROM PROPERTY TAXATION BUSES, TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF MORE THAN 1 TON, TRUCK TRACTORS, AND PERSONAL PROPERTY ATTACHED TO THESE EXEMPT VEHICLES; IMPOSING A FEE IN LIEU OF PROPERTY TAXES ON BUSES, TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF

MORE THAN 1 TON, AND TRUCK TRACTORS; PROVIDING FOR THE PRORATION OF THE FEE IN LIEU OF TAX; CLARIFYING THAT SPECIAL MOBILE EQUIPMENT IS SUBJECT TO PROPERTY TAX; REPLACING THE TAX ON QUADRICYCLES WITH A FEE IN LIEU OF TAX; PROVIDING FOR AN ANALYSIS OF ALTERNATIVE METHODS OF CLASSIFICATION, VALUATION, AND TAXATION OF AUTOMOBILES AND TRUCKS HAVING A MANUFACTURER'S RATED CAPACITY OF 1 TON OR LESS; AMENDING SECTIONS 7-1-2111, 15-6-138, 15-6-201, 15-8-111, 15-8-201, 15-8-202, 15-16-202, 15-50-207; 20-9-141, 20-9-331, 20-9-333, 20-9-360, 20-9-501, 20-10-144, 20-10-146, 61-3-101, 61-3-208, 61-3-303, 61-3-456, 61-3-501, 61-3-503, 61-3-504, 61-3-506, 61-3-507, 61-3-509, 61-3-520, 61-3-527, 61-3-535, 61-3-537, 61-3-701, AND 61-12-402, MCA; REPEALING SECTIONS 15-24-101, 15-24-102, 15-24-103, 15-24-104, 15-24-105, AND 15-24-2501, MCA; AND PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE.

STATEMENT OF INTENT

A statement of intent is required for this bill because 61-3-506 gives rulemaking authority to the department of justice to implement the new methods for the valuation and taxation of light motor vehicles and for the imposition of fees in lieu of tax on buses and trucks. The rules adopted by the department may contain criteria for determining the manufacturer's suggested retail price, an alternative valuation when the manufacturer's suggested retail price is unavailable, the date of manufacture for vehicles not commercially manufactured for consumer purchase, and the age and rated capacity of buses and trucks.

The legislature contemplates that the rules adopted by the department should address, at a minimum, the following:

- (1) the methods for determining the valuation of light motor vehicles for taxation purposes;
- (2) the assessment and collection of taxes and fees on motor vehicles and buses and trucks;
- (3) the methods for determining the manufacturer's suggested retail price for the valuation of motor vehicles;
- (4) the procedures for establishing an equitable alternative value for vehicles that do not have a published manufacturer's suggested retail price; and
- (5) the procedures for determining the age and manufacturer's rated capacity for buses and trucks.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 7-1-2111, MCA, is amended to read:

"7-1-2111. Classification of counties. (1) For the purpose of regulating the compensation and salaries of all county officers, not otherwise provided for, and for fixing the penalties of officers' bonds, the counties of this state must be classified according to the taxable valuation of the property in the counties upon which the tax levy is made, except for vehicles subject to taxation under 61-3-504(2), as follows:

(a) first class—all counties having a taxable valuation of \$50 million or ~~over~~ *more*;

(b) second class—all counties having a taxable valuation of ~~more than~~ \$30 million *or more* and less than \$50 million;

(c) third class—all counties having a taxable valuation of ~~more than~~ \$20 million *or more* and less than \$30 million;

(d) fourth class—all counties having a taxable valuation of ~~more than~~ \$15 million *or more* and less than \$20 million;

(e) fifth class—all counties having a taxable valuation of ~~more than~~ \$10 million *or more* and less than \$15 million;

(f) sixth class—all counties having a taxable valuation of ~~more than~~ \$5 million *or more* and less than \$10 million;

(g) seventh class—all counties having a taxable valuation of less than \$5 million.

(2) As used in this section, taxable valuation means the taxable value of taxable property in the county as of the time of determination plus:

(a) that portion of the taxable value of the county on December 31, 1981, attributable to automobiles and trucks having a rated capacity of three-quarters of a ton or less;

(b) that portion of the taxable value of the county on December 31, 1989, attributable to automobiles and trucks having a *manufacturer's* rated capacity of more than three-quarters of a ton but less than or equal to 1 ton;

(c) *that portion of the taxable value of the county on December 31, 1997, attributable to buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors;*

(d) the value provided by the department of revenue under 15-36-324(10); and

~~(d)~~(e) 6% of the taxable value of the county on January 1 of each tax year."

Section 2. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property — description — taxable percentage. (1) Class eight property includes:

(a) all agricultural implements and equipment;

(b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(c) all manufacturing machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in class five;

(d) all trailers and semitrailers, ~~including those prorated under 15-24-102, except those subject to taxation under 61-3-504(2) or exempt under 15-6-201(1)(v);~~

(e) all goods and equipment intended for rent or lease, except goods and equipment specifically included and taxed in another class;

~~(f) buses and trucks having a rated capacity of more than 1 ton, including those prorated under 15-24-102;~~

~~(g) truck toppers weighing more than 300 pounds;~~

~~(g) special mobile equipment as defined in 61-1-104;~~

(h) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(i) x-ray and medical and dental equipment;

(j) citizens' band radios and mobile telephones;

(k) radio and television broadcasting and transmitting equipment;

(l) cable television systems;

(m) coal and ore haulers;

(n) theater projectors and sound equipment; and

(o) all other property not included in any other class in this part, except that property subject to a fee in lieu of a property tax.

(2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

(3) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or service, wholesale, retail, or food-handling business.

(4) Class eight property is taxed at:

(a) 9% of its market value for tax years ending on or before December 31, 1995;

(b) 8% of its market value for tax year 1996;

(c) 7% of its market value for tax year 1997; and

(d) 6% of its market value for tax years beginning after December 31, 1997."

Section 3. Section 15-6-201, MCA, is amended to read:

"15-6-201. Exempt categories. (1) The following categories of property are exempt from taxation:

(a) except as provided in 15-24-1203, the property of:

(i) the United States, except:

(A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or

(B) as provided in 15-24-1103;

(ii) the state, counties, cities, towns, and school districts;

(iii) irrigation districts organized under the laws of Montana and not operating for profit;

(iv) municipal corporations;

(v) public libraries; and

(vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

(b) buildings, with land they occupy and furnishings in the buildings, owned by a church and used for actual religious worship or for residences of the clergy, together with adjacent land reasonably necessary for convenient use of the buildings;

(c) property used exclusively for agricultural and horticultural societies, for educational purposes, and for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not exempt.

(d) property that is:

(i) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or 21;

(ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) not maintained and operated for private or corporate profit;

(e) property owned or property that is leased from a federal, state, or local governmental entity by institutions of purely public charity if the property is directly used for purely public charitable purposes;

(f) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(g) public museums, art galleries, zoos, and observatories not used or held for private or corporate profit;

(h) all household goods and furniture, including but not limited to clocks, musical instruments, sewing machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

(i) a truck canopy cover or topper weighing less than 300 pounds and having no accommodations attached. This property is also exempt from taxation under 61-3-504(2) and 61-3-537.

(j) a bicycle, as defined in 61-1-123, used by the owner for personal transportation purposes;

(k) motor homes, travel trailers, and campers;

(l) all watercraft;

(m) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;

(n) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(o) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, the mentally ill, or the vocationally handicapped as defined in 18-5-101 and that is not operated for gain or profit and property owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

(p) all farm buildings with a market value of less than \$500 and all agricultural implements and machinery with a market value of less than \$100;

(q) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and not held or used for private or corporate gain or profit. For purposes of this subsection (1)(q), "nonprofit corporation" means an organization exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act.

(r) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:

(i) construct, repair, and maintain improvements to real property; or

(ii) repair and maintain machinery, equipment, appliances, or other personal property;

(s) harness, saddlery, and other tack equipment;

(t) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105;

(u) timber as defined in 15-44-102;

(v) all trailers and semitrailers that have a licensed gross weight of 26,000 pounds or more or that are registered through a proportional registration agreement under 61-3-721. For purposes of this subsection (1)(v), the terms "trailer" and "semitrailer" mean a vehicle with or without motive power that is:

(i) designed and used only for carrying property;

(ii) designed and used to be drawn by a motor vehicle; and

(iii) either constructed so that no part of its weight rests upon the towing vehicle or constructed so that some part of its weight and the weight of its load rests upon or is carried by another vehicle.

(w) all vehicles registered under 61-3-456;

(x) (i) buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including buses, trucks, and truck tractors apportioned under Title 61, chapter 3, part 7; and

(ii) personal property that is attached to a bus, truck, or truck tractor that is exempt under subsection (1)(x)(i); and

(y) motorcycles and quadricycles.

(2) (a) For the purposes of subsection (1)(e), the term "institutions of purely public charity" includes any organization that meets the following requirements:

(i) The organization qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(ii) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

(b) For the purposes of subsection (1)(g), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as a part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) The following portions of the appraised value of a capital investment in a recognized nonfossil form of energy generation or low emission wood or biomass combustion devices, as defined in 15-32-102, are exempt from taxation for a period of 10 years following installation of the property:

(a) \$20,000 in the case of a single-family residential dwelling;

(b) \$100,000 in the case of a multifamily residential dwelling or a nonresidential structure."

Section 4. Section 15-8-111, MCA, is amended to read:

“15-8-111. Assessment — market value standard — exceptions. (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) If the department uses construction cost as one approximation of market value, the department shall fully consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or economic obsolescence.

(c) Except as provided in subsection (3), the market value of ~~all motor trucks, special mobile equipment and~~ agricultural tools, implements, and machinery; ~~and vehicles of all kinds~~ is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department shall prepare valuation schedules showing the average wholesale value when a national appraisal guide does not exist.

(3) The department may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, except:

(a) the wholesale value for agricultural implements and machinery is the loan value as shown in the Official Guide, Tractor and Farm Equipment, published by the national farm and power equipment dealers association, St. Louis, Missouri;

(b) for agricultural implements and machinery not listed in the official guide, the department shall prepare a supplemental manual in which the values reflect the same depreciation as those found in the official guide; and

(c) as otherwise authorized in Title 15 and Title 61.

(4) For purposes of taxation, assessed value is the same as appraised value.

(5) The taxable value for all property is the percentage of market or assessed value established for each class of property.

(6) The assessed value of properties in 15-6-131 through 15-6-133 is as follows:

(a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515, 15-23-516, 15-23-517, or 15-23-518.

(b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(d) Properties in 15-6-143, under class ten, are assessed at 100% of the forest productivity value of the land when valued as forest land.

(7) Land and the improvements on the land are separately assessed when any of the following conditions occur:

- (a) ownership of the improvements is different from ownership of the land;
- (b) the taxpayer makes a written request; or
- (c) the land is outside an incorporated city or town."

Section 5. Section 15-8-201, MCA, is amended to read:

"15-8-201. General assessment day. (1) The department shall, between January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject to taxation in each county. The department shall assess property to the person by whom it was owned or claimed or in whose possession or control it was at midnight of the preceding January 1. The department shall also ascertain and assess all mobile homes arriving in the county after midnight of the preceding January 1. A mistake in the name of the owner or supposed owner of real property does not invalidate the assessment.

(2) The procedure provided by this section does not apply to:

(a) motor vehicles ~~that are required by 15-8-202 to be assessed on January 1 or upon their anniversary registration date;~~

(b) motor homes, travel trailers, and campers;

(c) watercraft;

(d) livestock;

(e) property defined in 61-1-104 as "special mobile equipment" that is subject to assessment for personal property taxes on the date that application is made for a special mobile equipment plate;

(f) mobile homes held by a distributor or dealer of mobile homes as stock in trade; and

(g) property subject to the provisions of 15-16-203.

(3) Credits must be assessed as provided in 15-1-101(1)(f)."

Section 6. Section 15-8-202, MCA, is amended to read:

"15-8-202. Motor vehicle assessment by department of justice. (1) (a) ~~The department shall, in each year, ascertain and assess all motor vehicles, other than motor homes, travel trailers, and campers or mobile homes, in each county subject to taxation as of January 1 or as of the anniversary registration date of those vehicles as provided by law, subject to 61-3-313 through 61-3-316 and 61-3-501. The assessment for department of justice shall assess all motor light vehicles, must be made subject to 61-3-313 through 61-3-316 and 61-3-501, for taxation in accordance with 61-3-503.~~

(b) The department of justice shall determine the fee in lieu of tax for all buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors in accordance with [sections 32 and 33].

(c) ~~The motor vehicles~~ Taxes or fees in lieu of tax on motor vehicles under this subsection (1) must be assessed or imposed in each year ~~to~~ on the persons ~~by whom~~ who owned or claimed the motor vehicles or in whose possession or control ~~they were at midnight of January 1 or the motor vehicle was on the anniversary registration date, whichever is applicable.~~

(2) A tax or fee in lieu of tax may not be assessed or imposed against motor vehicles subject to taxation or to a fee in lieu of tax that constitute inventory of motor vehicle dealers as of January 1. These vehicles and all other motor vehicles subject to taxation or a fee in lieu of tax that are brought into the state ~~subsequent to~~ after January 1 as motor vehicle dealers' inventories must be assessed to their respective purchasers as of the dates the vehicles are registered by the purchasers.

(3) "Purchasers" includes dealers who apply for registration or reregistration of motor vehicles, except as otherwise provided by 61-3-502.

(4) Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes, must be assessed at market value as of January 1."

Section 7. Section 15-16-202, MCA, is amended to read:

"15-16-202. Boats, snowmobiles, and motor vehicles — payment of current and back taxes and fees. (1) The fee in lieu of personal property taxes assessed against a boat for the year in which application for decals is made and the immediately previous year must be paid before license decals may be issued pursuant to 23-2-515.

(2) The fee in lieu of tax imposed on a snowmobile for the year in which application for registration is made and the immediately previous year must be paid before a snowmobile may be registered pursuant to 23-2-616.

(3) Except for mobile homes as defined in 15-1-101, the new motor vehicle sales tax and the ~~personal property~~ motor vehicle tax or fee in lieu of tax imposed or assessed against a motor vehicle for the current year and the immediately previous year must be paid before a motor vehicle may be registered or reregistered pursuant to 61-3-303.

(4) The provisions of subsections (1) through (3) do not require payment of the immediately previous year's taxes or fees if ~~such~~ the taxes or fees have already been paid."

Section 8. Section 15-50-207, MCA, is amended to read:

"15-50-207. Credit against other taxes — credit for personal property taxes and certain fees. (1) The additional license fees withheld or otherwise paid as provided ~~herein in this chapter~~ may be used as a credit on the contractor's corporation license tax provided for in chapter 31 of this title or on the contractor's income tax provided for in chapter 30, depending upon the type of tax the contractor is required to pay under the laws of the state.

(2) Personal property taxes *and the fee in lieu of tax on buses, trucks having a manufacturer's rated capacity of more than 1 ton, or truck tractors as provided in [section 33]* paid in Montana on any personal property or vehicle of the contractor ~~which~~ *that* is used in the business of the contractor and is located within this state may be credited against the license fees required under this chapter. However, in computing the tax credit allowed by this section against the contractor's corporation license tax or income tax, the ~~personal property~~ tax credit against the license fees ~~herein~~ *required shall under this chapter* may not be considered as license fees paid for the purpose of ~~such~~ *the* income tax or corporation license tax credit."

Section 9. Section 20-9-141, MCA, is amended to read:

"20-9-141. Computation of general fund net levy requirement by county superintendent. (1) The county superintendent shall compute the levy requirement for each district's general fund on the basis of the following procedure:

(a) Determine the funding required for the district's final general fund budget less the sum of direct state aid and the special education allowable cost payment for the district by totaling:

(i) the district's nonisolated school BASE budget requirement to be met by a district levy as provided in 20-9-303; and

(ii) any general fund budget amount adopted by the trustees of the district under the provisions of 20-9-308 and 20-9-353, including any additional funding for a general fund budget that exceeds the maximum general fund budget.

(b) Determine the money available for the reduction of the property tax on the district for the general fund by totaling:

(i) the general fund balance reappropriated, as established under the provisions of 20-9-104;

(ii) amounts received in the last fiscal year for which revenue reporting was required for each of the following:

(A) tuition payments for out-of-district pupils under the provisions of 20-5-321 through 20-5-323;

(B) revenue from ~~property~~ taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, *[section 33]*, and 67-3-204;

(C) oil and natural gas production taxes;

(D) interest earned by the investment of general fund cash in accordance with the provisions of 20-9-213(4);

(E) revenue from corporation license taxes collected from financial institutions under the provisions of 15-31-702; and

(F) any other revenue received during the school fiscal year that may be used to finance the general fund, excluding any guaranteed tax base aid; and

(iii) pursuant to subsection (4), anticipated revenue from coal gross proceeds under 15-23-703.

(c) Notwithstanding the provisions of subsection (2), subtract the money available to reduce the property tax required to finance the general fund that has been determined in subsection (1)(b) from any general fund budget amount adopted by the trustees of the district, up to the BASE budget amount, to determine the general fund BASE budget levy requirement.

(d) Subtract any amount remaining after the determination in subsection (1)(c) from any additional funding requirement to be met by an over-BASE budget amount, a district levy as provided in 20-9-303, and any additional financing as provided in 20-9-353 to determine any additional general fund levy requirements.

(2) The county superintendent shall calculate the number of mills to be levied on the taxable property in the district to finance the general fund levy requirement for any amount that does not exceed the BASE budget amount for the district by dividing the amount determined in subsection (1)(c) by the sum of:

(a) the amount of guaranteed tax base aid that the district will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000.

(3) The net general fund levy requirement determined in subsections (1)(c) and (1)(d) must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the general fund net levy requirement for the district, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) For each school district, the department of revenue shall calculate and report to the county superintendent the amount of revenue anticipated for the ensuing fiscal year from revenue from coal gross proceeds under 15-23-703."

Section 10. Section 20-9-331, MCA, is amended to read:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district BASE funding program. (1) The county commissioners of each county shall levy an annual basic tax of 33 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204, for the purposes of local and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the elementary BASE funding programs of the school districts in the county and to the state general fund in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE funding programs of all elementary districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization,

the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The revenue realized from the county's portion of the levy prescribed by this section and the revenue from the following sources must be used for the equalization of the elementary BASE funding program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):

(a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for the common school fund under the provisions of 17-3-222;

(b) the portion of the federal flood control act funds distributed to a county and designated for expenditure for the benefit of the county common schools under the provisions of 17-3-232;

(c) all money paid into the county treasury as a result of fines for violations of law, except money paid to a justice's court, and the use of which is not otherwise specified by law;

(d) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established or referred to in this section;

(e) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213;

(f) gross proceeds taxes from coal under 15-23-703;

(g) oil and natural gas production taxes;

(h) anticipated local government severance tax payments for calendar year 1995 production as provided in 15-36-325; and

(i) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204."

Section 11. Section 20-9-333, MCA, is amended to read:

"20-9-333. Basic special levy and other revenue for county equalization of high school district BASE funding program. (1) The county commissioners of each county shall levy an annual basic special tax for high schools of 22 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204, for the purposes of local and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the BASE funding programs of high school districts in the county and to the state general fund in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the county's high school tuition obligation

and the total of the BASE funding programs of all high school districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The revenue realized from the county's portion of the levy prescribed in this section and the revenue from the following sources must be used for the equalization of the high school BASE funding program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):

(a) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established in this section;

(b) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213;

(c) gross proceeds taxes from coal under 15-23-703;

(d) oil and natural gas production taxes;

(e) anticipated local government severance tax payments for calendar year 1995 production as provided in 15-36-325; and

(f) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204."

Section 12. Section 20-9-360, MCA, is amended to read:

"20-9-360. State equalization aid levy. (1) There is a levy of 40 mills imposed by the county commissioners of each county on all taxable property within the state, except property for which a tax or fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204. Except as provided in subsection (2), proceeds of the levy must be remitted to the state treasurer and must be deposited to the credit of the state general fund for state equalization aid to the public schools of Montana.

(2) For the benefit of each municipality that created an urban renewal area and adopted a tax increment financing provision for the urban renewal area prior to July 1, 1990, the state treasurer shall distribute each fiscal year from the state equalization aid levy to the municipality the amount, if any, equal to the product of the incremental taxable value of the urban renewal area times the reduced school levy for the area, each calculated for the fiscal year. The reduced school levy for a fiscal year is the difference between the aggregate amount of all property tax levies for school purposes in the urban renewal area, expressed in mills, in the fiscal year ended June 30, 1989, and the aggregate amount of all property tax levies for school purposes in the area or the district, expressed in mills, in the fiscal year, including the state equalization aid levy. The state

treasurer shall distribute the amounts to municipalities in two equal installments on December 31 and June 30 of the fiscal year."

Section 13. Section 20-9-501, MCA, is amended to read:

"20-9-501. Retirement fund. (1) The trustees of a district employing personnel who are members of the teachers' retirement system or the public employees' retirement system or who are covered by unemployment insurance or who are covered by any federal social security system requiring employer contributions shall establish a retirement fund for the purposes of budgeting and paying the employer's contributions to the systems. The district's contribution for each employee who is a member of the teachers' retirement system must be calculated in accordance with Title 19, chapter 20, part 6. The district's contribution for each employee who is a member of the public employees' retirement system must be calculated in accordance with 19-3-316. The district's contributions for each employee covered by any federal social security system must be paid in accordance with federal law and regulation. The district's contribution for each employee who is covered by unemployment insurance must be paid in accordance with Title 39, chapter 51, part 11.

(2) The trustees of a district required to make a contribution to a system referred to in subsection (1) shall include in the retirement fund of the preliminary budget the estimated amount of the employer's contribution. After the final retirement fund budget has been adopted, the trustees shall pay the employer contributions to the systems in accordance with the financial administration provisions of this title.

(3) When the final retirement fund budget has been adopted, the county superintendent shall establish the levy requirement by:

(a) determining the sum of the money available to reduce the retirement fund levy requirement by adding:

(i) any anticipated money that may be realized in the retirement fund during the ensuing school fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204;

(ii) oil and natural gas production taxes;

(iii) anticipated local government severance tax payments for calendar year 1995 production as provided in 15-36-325;

(iv) coal gross proceeds taxes under 15-23-703;

(v) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the retirement fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the retirement fund. The retirement fund operating reserve may not be more than 35% of the final retirement fund budget for the ensuing school fiscal year and must be used for the purpose of paying retirement fund warrants issued by the district under the final retirement fund budget.

(vi) any other revenue anticipated that may be realized in the retirement fund during the ensuing school fiscal year, excluding any guaranteed tax base aid.

(b) notwithstanding the provisions of subsection (8), subtracting the money available for reduction of the levy requirement, as determined in subsection (3)(a), from the budgeted amount for expenditures in the final retirement fund budget.

(4) The county superintendent shall:

(a) total the net retirement fund levy requirements separately for all elementary school districts, all high school districts, and all community college districts of the county, including any prorated joint district or special education cooperative agreement levy requirements; and

(b) report each levy requirement to the county commissioners on the fourth Monday of August as the respective county levy requirements for elementary district, high school district, and community college district retirement funds.

(5) The county commissioners shall fix and set the county levy in accordance with 20-9-142.

(6) The net retirement fund levy requirement for a joint elementary district or a joint high school district must be prorated to each county in which a part of the district is located in the same proportion as the district ANB of the joint district is distributed by pupil residence in each county. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county as provided in 20-9-151.

(7) The net retirement fund levy requirement for districts that are members of special education cooperative agreements must be prorated to each county in which the district is located in the same proportion as the special education cooperative budget is prorated to the member school districts. The county superintendents of the counties affected shall jointly determine the net retirement fund levy requirement for each county in the same manner as provided in 20-9-151, and the county commissioners shall fix and levy the net retirement fund levy for each county in the same manner as provided in 20-9-152.

(8) The county superintendent shall calculate the number of mills to be levied on the taxable property in the county to finance the retirement fund net levy requirement by dividing the amount determined in subsection (4)(a) by the sum of:

(a) the amount of guaranteed tax base aid that the county will receive for each mill levied, as certified by the superintendent of public instruction; and

(b) the taxable valuation of the district divided by 1,000."

Section 14. Section 20-10-144, MCA, is amended to read:

"20-10-144. Computation of revenue and net tax levy requirements for district transportation fund budget. Before the fourth Monday of July and in accordance with 20-9-123, the county superintendent shall compute the revenue available to finance the transportation fund budget of each district. The county superintendent shall compute the revenue for each district on the following basis:

(1) The "schedule amount" of the preliminary budget expenditures that is derived from the rate schedules in 20-10-141 and 20-10-142 must be determined by adding the following amounts:

(a) the sum of the maximum reimbursable expenditures for all approved school bus routes maintained by the district (to determine the maximum reimbursable expenditure, multiply the applicable rate per bus mile by the total number of miles to be traveled during the ensuing school fiscal year on each bus route approved by the county transportation committee and maintained by the district); plus

(b) the total of all individual transportation per diem reimbursement rates for the district as determined from the contracts submitted by the district multiplied by the number of pupil-instruction days scheduled for the ensuing school attendance year; plus

(c) any estimated costs for supervised home study or supervised correspondence study for the ensuing school fiscal year; plus

(d) the amount budgeted on the preliminary budget for the contingency amount permitted in 20-10-143, except if the amount exceeds 10% of the total of subsections (1)(a), (1)(b), and (1)(c) or \$100, whichever is larger, the contingency amount on the preliminary budget must be reduced to the limitation amount and used in this determination of the schedule amount; plus

(e) any estimated costs for transporting a child out of district when the child has mandatory approval to attend school in a district outside the district of residence.

(2) (a) The schedule amount determined in subsection (1) or the total preliminary transportation fund budget, whichever is smaller, is divided by 2 and is used to determine the available state and county revenue to be budgeted on the following basis:

(i) one-half is the budgeted state transportation reimbursement, except that the state transportation reimbursement for the transportation of special education pupils under the provisions of 20-7-442 must be 50% of the schedule amount attributed to the transportation of special education pupils; and

(ii) one-half is the budgeted county transportation fund reimbursement and must be financed in the manner provided in 20-10-146.

(b) When the district has a sufficient amount of cash for reappropriation and other sources of district revenue, as determined in subsection (3), to reduce the total district obligation for financing to zero, any remaining amount of district revenue and cash reappropriated must be used to reduce the county financing obligation in subsection (2)(a)(ii) and, if the county financing obligations are reduced to zero, to reduce the state financial obligation in subsection (2)(a)(i).

(c) The county revenue requirement for a joint district, after the application of any district money under subsection (2)(b), must be prorated to each county incorporated by the joint district in the same proportion as the ANB of the joint district is distributed by pupil residence in each county.

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(3) The total of the money available for the reduction of property tax on the district for the transportation fund must be determined by totaling:

(a) anticipated federal money received under the provisions of Title I of Public Law 81-874 or other anticipated federal money received in lieu of that federal act;

(b) anticipated payments from other districts for providing school bus transportation services for the district;

(c) anticipated payments from a parent or guardian for providing school bus transportation services for a child;

(d) anticipated or reappropriated interest to be earned by the investment of transportation fund cash in accordance with the provisions of 20-9-213(4);

(e) anticipated or reappropriated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204;

(f) anticipated revenue from coal gross proceeds under 15-23-703;

(g) anticipated oil and natural gas production taxes;

(h) anticipated local government severance tax payments for calendar year 1995 production;

(i) anticipated transportation payments for out-of-district pupils under the provisions of 20-5-320 through 20-5-324;

(j) any other revenue anticipated by the trustees to be earned during the ensuing school fiscal year that may be used to finance the transportation fund; and

(k) any fund balance available for reappropriation as determined by subtracting the amount of the end-of-the-year fund balance earmarked as the transportation fund operating reserve for the ensuing school fiscal year by the trustees from the end-of-the-year fund balance in the transportation fund. The operating reserve may not be more than 20% of the final transportation fund budget for the ensuing school fiscal year and is for the purpose of paying transportation fund warrants issued by the district under the final transportation fund budget.

(4) The district levy requirement for each district's transportation fund must be computed by:

(a) subtracting the schedule amount calculated in subsection (1) from the total preliminary transportation budget amount; and

(b) subtracting the amount of money available to reduce the property tax on the district, as determined in subsection (3), from the amount determined in subsection (4)(a).

(5) The transportation fund levy requirements determined in subsection (4) for each district must be reported to the county commissioners on the fourth Monday of August by the county superintendent as the transportation fund levy

requirements for the district, and the levy must be made by the county commissioners in accordance with 20-9-142.”

Section 15. Section 20-10-146, MCA, is amended to read:

“20-10-146. County transportation reimbursement. (1) The apportionment of the county transportation reimbursement by the county superintendent for school bus transportation or individual transportation that is actually rendered by a district in accordance with this title, board of public education transportation policy, and the transportation rules of the superintendent of public instruction must be the same as the state transportation reimbursement payment, except that:

(a) if any cash was used to reduce the budgeted county transportation reimbursement under the provisions of 20-10-144(2)(b), the annual apportionment is limited to the budget amount;

(b) when the county transportation reimbursement for a school bus has been prorated between two or more counties because the school bus is conveying pupils of more than one district located in the counties, the apportionment of the county transportation reimbursement must be adjusted to pay the amount computed under the proration; and

(c) when county transportation reimbursement is required under the mandatory attendance agreement provisions of 20-5-321.

(2) The county transportation net levy requirement for the financing of the county transportation fund reimbursements to districts is computed by:

(a) totaling the net requirement for all districts of the county, including reimbursements to a special education cooperative or prorated reimbursements to joint districts or reimbursements under the mandatory attendance agreement provisions of 20-5-321;

(b) determining the sum of the money available to reduce the county transportation net levy requirement by adding:

(i) anticipated money that may be realized in the county transportation fund during the ensuing school fiscal year, including anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, [section 33], and 67-3-204;

(ii) oil and natural gas production taxes;

(iii) anticipated local government severance tax payments for calendar year 1995 production;

(iv) coal gross proceeds taxes under 15-23-703;

(v) any fund balance available for reappropriation from the end-of-the-year fund balance in the county transportation fund;

(vi) federal forest reserve funds allocated under the provisions of 17-3-213; and

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(vii) other revenue anticipated that may be realized in the county transportation fund during the ensuing school fiscal year; and

(c) subtracting the money available, as determined in subsection (2)(b), to reduce the levy requirement from the county transportation net levy requirement.

(3) The net levy requirement determined in subsection (2)(c) must be reported to the county commissioners on the fourth Monday of August by the county superintendent, and a levy must be set by the county commissioners in accordance with 20-9-142.

(4) The county superintendent shall apportion the county transportation reimbursement from the proceeds of the county transportation fund. The county superintendent shall order the county treasurer to make the apportionments in accordance with 20-9-212(2) and after the receipt of the semiannual state transportation reimbursement payments."

Section 16. Light vehicle. "Light vehicle" means a motor vehicle commonly referred to as an automobile, van, sport utility vehicle, or truck having a manufacturer's rated capacity of 1 ton or less.

Section 17. Sport utility vehicle. "Sport utility vehicle" means a light vehicle designed to transport 10 or fewer persons that is constructed on a truck chassis or that has special features for occasional off-road use. The term does not include trucks having a manufacturer's rated capacity of 1 ton or less.

Section 18. Section 61-3-101, MCA, is amended to read:

"61-3-101. Duties of department — records. (1) The department shall keep a record as specified in this section of all motor vehicles, trailers, and semitrailers of every kind, and of certificates of registration and ownership of those vehicles, and of all manufacturers and dealers in motor vehicles.

(2) The record must show the following:

(a) name of owner, residence address by street or rural route, town, and county, and mailing address if different than residence address;

(b) name and address of conditional sales vendor, mortgagee, or other lienholder and amount due under contract or lien;

(c) manufacturer of vehicle;

(d) manufacturer's designation of style of vehicle;

(e) identifying number;

(f) year of manufacture;

(g) character of motive power and shipping weight of vehicle as shown by the manufacturer;

(h) the distinctive license number assigned to the vehicle, if any;

(i) if a truck or trailer, the number of tons' capacity or GVW if imprinted on manufacturer's identification plate;

(j) except as provided in 61-3-103, the name and complete address of any holder of a perfected security interest in the vehicle; and

(k) other information that may from time to time be found desirable.

(3) The department shall file applications for registration received by it from ~~the county treasurers of the state~~ and register the vehicles and the vehicle owners as follows:

(a) under the distinctive license number assigned to the vehicle by the county treasurer;

(b) alphabetically under the name of the owner;

(c) numerically under make and identifying number of the vehicle; and

(d) ~~other~~ *another* index of registration as the department considers expedient.

(4) The department shall determine the amount of motor vehicle taxes and fees to be collected at the time of registration for each light vehicle subject to tax under 61-3-503 and for each bus, truck having a manufacturer's rated capacity of more than 1 ton, and truck tractor subject to a fee in lieu of tax under [sections 32 and 33]. The county treasurer shall collect the taxes and fees on each motor vehicle at the time of its registration.

(5) Vehicle registration records and indexes and driver's license records and indexes may be maintained by electronic recording and storage media.

~~(5)~~(6) In the case of dealers, the records must show the information contained in the application for a dealer's license as required by 61-4-101 through 61-4-105, as well as the distinctive license number assigned to the dealer.

~~(6)~~(7) In order to prevent an accumulation of unneeded records and files, regardless of any other statutory requirements, the department may destroy all records and files that relate to vehicles that have not been registered within the preceding 4 years and that do not have an active lien.

~~(7)~~(8) All records must be open to inspection during ~~all~~ reasonable business hours, and the department shall furnish any information from the records upon payment by the applicant of the cost of the information requested. Prior to providing the information, the department may require the applicant to provide identification. However, the department may, by rule, reasonably restrict disclosure of information on an owner or the owner's vehicle if the owner has requested in writing that the department not disclose the information."

Section 19. Section 61-3-208, MCA, is amended to read:

"61-3-208. Affidavit and bond for certificate. (1) If an applicant for a ~~motor~~ vehicle certificate of title cannot provide the department with a certificate of title transferred to the applicant, the department may issue a certificate of title for the vehicle if the applicant furnishes an affidavit in a form prescribed by the department.

(2) The affidavit must be signed and sworn to before an officer authorized to administer oaths and affirmations. The affidavit must accompany the application for the certificate of title and include:

(a) the facts and circumstances through which the applicant acquired ownership and possession of the ~~motor~~ vehicle;

(b) information as required by the department to enable it to determine what security interests, liens, and encumbrances ~~against the motor vehicle~~, if any, are outstanding against the ~~motor~~ vehicle;

(c) the date and the amount secured by the security interests, liens, and encumbrances, if any; and

(d) a statement that the applicant has the right to have a certificate of title issued.

(3) If after examination of the application, affidavit, and any other evidence the department determines that a certificate of title for the ~~motor~~ vehicle should be issued to the applicant, the department shall require the applicant to file with the department a good and sufficient bond before issuing the certificate of title. The bond must be:

(a) in an amount equal to the *average trade-in or wholesale* value of the ~~motor~~ vehicle as determined ~~under the provisions of 61-3-503(1)(e) by the applicable national appraisal guide for the vehicle as of January 1 for the year in which the application for certificate of title is made; When a national appraisal guide is not available for a vehicle, the department shall determine an alternative value for the vehicle.~~

(b) conditioned to indemnify a prior owner, lienholder, subsequent purchaser, secured creditor, or encumbrancer of the motor vehicle; and any respective successors in interest; against expenses, losses, or damages caused by the issuance of the certificate or by a defect in or undisclosed security interest upon the right, title, and interest of the applicant in the ~~motor~~ vehicle; and

(c) issued by a surety company authorized to do business in the state.

(4) Any interested person has a right of action to recover on the bond for a breach of its conditions, but the aggregate liability of the surety to all persons may not exceed the amount of the bond.

(5) Unless the department has been notified of a pending action to recover the bond, the department shall return the bond at the earlier of:

(a) 3 years from the date of issuance of the certificate of title; or

(b) the date of surrender of the valid certificate of title to the department if the vehicle is no longer registered in this state."

Section 20. Section 61-3-303, MCA, is amended to read:

"61-3-303. Application for registration. (1) Each owner of a motor vehicle operated or driven upon the public highways of this state shall for each motor vehicle owned, except as otherwise provided in this section, file or cause to be filed in the office of the county treasurer where the owner permanently

resides at the time of making the application or, if the vehicle is owned by a corporation or used primarily for commercial purposes, in the taxing jurisdiction of the county where the vehicle is permanently assigned, an application for registration or reregistration ~~upon a blank on a form to be prepared and furnished~~ prescribed by the department. The application must contain:

(a) *the* name and address of *the* owner, giving *the* county, school district, and town or city within whose corporate limits the motor vehicle is taxable, if taxable, or within whose corporate limits the owner's residence is located if the motor vehicle is not taxable;

(b) *the* name and address of the holder of any security interest in the motor vehicle;

(c) a description of *the* motor vehicle, including make, year model, engine or serial number, manufacturer's model or letter, gross weight, declared weight on all trucks for which the *manufacturer's* rated capacity is 1 ton or less, and type of body and, if a truck, *the manufacturer's* rated capacity;

(d) *the* declared weight on all trailers operating intrastate, except travel trailers or trailers and semitrailers registered as provided in 61-3-711 through 61-3-733; and

(e) other information that the department may require.

(2) A person who files an application for registration or reregistration of a motor vehicle, except of a mobile home as defined in 15-1-101(1), shall upon the filing of the application pay to the county treasurer:

(a) the registration fee, as provided in 61-3-311 and 61-3-321 or 61-3-456; and

(b) except as provided in 61-3-456 or unless it has been previously paid:

(i) ~~the personal property~~ motor vehicle taxes or fees in lieu of tax assessed or imposed against the vehicle for the current year of registration and the immediately previous year; or

(ii) the new motor vehicle sales tax against the vehicle for the current year of registration.

(3) The application may not be accepted by the county treasurer unless the payments required by subsection (2) accompany the application. The department ~~of revenue~~ may not assess or impose and the county treasurer may not collect taxes or fees for a period other than:

(a) the current year; and

(b) the immediately previous year if the vehicle was not registered or operated on the highways of the state, regardless of the period of time since the vehicle was previously registered or operated.

(4) The department ~~of revenue~~ may make full and complete investigation of the tax status of the vehicle. An applicant for registration or reregistration shall submit proof from the tax or other appropriate records of the proper county at the request of the department ~~of revenue~~.

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Section 21. Section 61-3-456, MCA, is amended to read:

"61-3-456. Registration of motor vehicle owned and operated by Montana resident on active military duty stationed outside Montana.

(1) An owner of a motor vehicle who is a Montana resident on active military duty and stationed outside Montana may file with the department an application for the registration of the motor vehicle. The application must be sworn to before an officer authorized to administer oaths. The application must state:

- (a) the name and address of the owner;
- (b) the make, the gross weight, the year and number of the model, and the manufacturer's identification number and serial number of the motor vehicle; and
- (c) that the vehicle is owned and operated by a Montana resident who is on active military duty and stationed outside Montana.

(2) The registration fee for a motor vehicle registered under subsection (1) is as provided in 61-3-311 and 61-3-321.

(3) A vehicle registered under this section is not subject to:

- (a) the taxes described in 61-3-303(2)(b);
- (b) assessment under 15-8-202 or 61-3-503 or the fee in lieu of tax under [section 33]; or
- (c) any of the fees provided in part 5 of this chapter."

Section 22. Section 61-3-501, MCA, is amended to read:

"61-3-501. When vehicle taxes and fees are due. (1) ~~Property Motor vehicle taxes, fees in lieu of tax, new car taxes, and fees must be paid on the date of registration or reregistration of the vehicle.~~

(2) If the anniversary date for reregistration of a vehicle passes while the vehicle is owned and held for sale by a licensed new or used car dealer, ~~property motor vehicle taxes or fees in lieu of tax abate on such the vehicle properly reported with the department of revenue county treasurer until the vehicle is sold and thereafter. After the sale, the purchaser shall pay the pro rata balance of the taxes or fees in lieu of tax due and owing on the vehicle.~~

(3) In the event ~~that~~ a vehicle's registration period is changed under 61-3-315, all taxes or fees in lieu of tax and other fees due ~~thereon shall must~~ be prorated and paid from the last day of the old period until the first day of the new period in which the vehicle ~~shall be~~ is registered. ~~Thereafter The taxes or fees in lieu of tax and other fees must be paid from the first day of the new period for a minimum period of 1 year. When the change is to a later registration period, taxes and fees shall must be prorated and paid based on the same tax year as the original registration period. Thereafter, during the appropriate anniversary registration period, each vehicle shall must again register or reregister be registered or reregistered and shall pay all taxes and fees due thereon must be paid for a 12-month period."~~

Section 23. Section 61-3-503, MCA, is amended to read:

"61-3-503. Assessment. (1) Except as provided in 61-3-520 and subsection (2) (4) of this section, the following apply to the taxation of motor vehicles:

~~(a) Except as provided in subsections (1)(c) through (1)(e), a person who files an application for registration or reregistration of a motor vehicle shall before filing the application with the county treasurer submit the application to the department of revenue. The department of revenue shall enter on the application in a space to be provided for that purpose the market value and taxable value of the vehicle as of January 1 of the year for which the application for registration is made.~~

~~(b) Except as provided in subsection (1)(e), motor vehicles are assessed for taxes on January 1 in each year irrespective of the time fixed by law for the assessment of other classes of personal property and irrespective of whether the levy and tax may be a lien upon real property within the state. A motor vehicle is not subject to assessment, levy, and taxation more than once in each year.~~

~~(e)(a) Vehicles subject to the provisions of 61-3-313 through 61-3-316 must be assessed as of the first day of the registration period, using the average trade-in or wholesale value as of January 1 of the year of assessment of the vehicle as contained in the most recent volume of the Mountain States Edition of the National Automobile Dealers Association (N.A.D.A.) Official Used Car Guide, the National Edition of N.A.D.A. Appraisal Guides Official Older Used Car Guide, or another nationally published used vehicle or appraisal guide approved by the department of revenue or, for a vehicle that was never listed in any edition of the preceding guides, the retail value of the vehicle as determined by the department of revenue, and depreciated 10% a year until a value of \$500 is reached, not including additions or deductions for options and mileage but including additions or deductions, whether or not one of the preceding guides is used, for diesel engines; and a depreciated value of the manufacturer's suggested retail price as determined in subsection (2).~~

~~(b) A lien for taxes and fees due on the vehicle occurs on the anniversary date of the registration and continues until the fees and taxes have been paid. If the depreciated value shown in any of the appraisal guides listed in this section is less than \$500, the department shall value the vehicle at \$500.~~

~~(d) Quadricycles must be assessed, using the greater of the following:~~

~~(i) \$250; or~~

~~(ii) the average trade-in or wholesale value as of January 1 of the year of assessment of the vehicle as contained in the most recent volume of the applicable National Edition of the N.A.D.A. Motorcycle/Moped/ATV Appraisal Guide or N.A.D.A. Recreational Vehicle Appraisal Guide or another nationally published used vehicle or appraisal guide approved by the department of revenue, not including additions or deductions for options and mileage.~~

~~(c) If a vehicle assessed under subsection (1)(c) or (1)(d) is not originally listed in the applicable N.A.D.A. guide or other approved guide, the department of revenue shall depreciate the original f.o.b. factory list price, f.o.b. port of entry list price, or the manufacturer's suggested list price, using the following methods:~~

~~(i) if the new car sales tax has been previously paid and the vehicle is less than 1 year in age, the depreciation percentage is 20%; or~~

~~(ii) if the vehicle is 1 year or older in age and it is not listed in any of the appraisal guides listed in this section, the department of revenue shall determine the depreciation percentage to approximate the average wholesale or trade in values in the current N.A.D.A. guides or other approved guides referred to in this subsection (1). For purposes of this subsection (1), the age of the vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year of assessment.~~

~~(f) When a minimum value of \$500 is reached, the value must remain at that minimum as long as the vehicle is registered.~~

~~(g) If a previously registered vehicle is no longer listed in the applicable N.A.D.A. guide or other approved guide, the department of revenue shall depreciate the value of the vehicle at the rate of 10% a year until a minimum amount of \$500 is attained, and the value must remain at that amount as long as the vehicle is registered.~~

(2) (a) Except as provided in subsections (2)(c) and (2)(d), the depreciated value for the taxation of light vehicles is computed by multiplying the manufacturer's suggested retail price by a percentage multiplier based on the type and age of the vehicle determined from the following table:

<u>Age of Vehicle</u>	<u>Type of Vehicle</u>			
(in years)	Automobile	Truck	Van	Sport Utility
-1	100%	100%	100%	100%
0	90	96	93	98
1	80	91	86	94
2	69	86	78	90
3	58	80	69	84
4	49	73	60	76
5	41	66	52	67
6	33	57	45	57
7	26	49	38	48
8	21	43	32	39
9	17	37	27	33
10	14	31	22	29
11	12	26	18	25
12	10	22	15	22
13	09	18	13	21
14	09	15	11	19

15	09	13	09	17
16	09	12	09	15

(b) *The age for the light vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year for which the tax is due.*

(c) *If the value of the vehicle determined under subsection (2)(a) is \$500 or less, the value of the vehicle is \$500 and the value must remain at that amount as long as the vehicle is registered.*

(d) *The depreciated value of a light vehicle that is 17 years old or older is computed by depreciating the value obtained for the vehicle at 16 years old as determined under subsection (2)(a) by 10% a year until a minimum value of \$500 is attained. The value must remain at that amount as long as the vehicle is registered.*

(3) (a) *For the purposes of this section, "manufacturer's suggested retail price" means the price suggested by the manufacturer for each given type, style, or model of light vehicle produced and first made available for retail sale by the manufacturer.*

(b) *The manufacturer's suggested retail price is based on standard equipment of a vehicle and does not contain price additions or deductions for optional accessories.*

(c) *When a manufacturer's suggested retail price is unavailable for a motor vehicle, the department shall determine an alternative valuation for the vehicle.*

~~(2)(4)~~ *The provisions of subsections (1)(a) (1) through (1)(g) (3) do not apply to buses, trucks having a manufacturer's rated capacity of more than 1 ton, truck tractors, motorcycles, motor homes, quadricycles, travel trailers, campers, or mobile homes as defined in 15-1-101(1)."*

Section 24. Section 61-3-504, MCA, is amended to read:

"61-3-504. Computation of tax. (1) ~~The amount of taxes on a motor light vehicle, other than an automobile, truck having a rated capacity of 1 ton or less, motorcycle, quadricycle, motor home, travel trailer, camper, or mobile home, is computed and determined by the county treasurer on the basis of the levy of the year preceding the current year of application for registration or reregistration.~~

~~(2) The amount of tax on an automobile or truck having a rated capacity of 1 ton or less, except for vehicles registered under 61-3-456 or owned by disabled veterans qualifying for special license plates under 61-3-332(10)(c)(i)(A) or 61-3-426(2), and on a quadricycle is 2% of the value determined under 61-3-503.~~

~~(3)(2)~~ *The amount of tax on fleet vehicles subject to the provisions of 61-3-318 is 1% of the value determined under 61-3-503.*

~~(4) For all taxable motor vehicles, the amount of tax is entered on the application form in a space provided for that purpose."~~

Section 25. Section 61-3-506, MCA, is amended to read:

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"61-3-506. Rules. (1) ~~The department of revenue shall adopt rules for the payment of property taxes and the department of transportation shall adopt rules for the payment of new car taxes under the provisions of 61-3-313 through 61-3-316, 61-3-501, and 61-3-520. The department of revenue may adopt rules for the proration of taxes for the implementation and administration of 61-3-313 through 61-3-316, 61-3-501, and 61-3-520, but shall specifically provide that new car taxes shall be for a 12-month period~~

(2) *The department of justice may adopt rules:*

(a) *for the assessment and collection of taxes and fees on light vehicles, including the proration of taxes under 61-3-520; and*

(b) *for the imposition and collection of fees in lieu of tax, including the proration of fees in lieu of tax under 61-3-520, on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, including criteria for determining the vehicle's age and manufacturer's rated capacity."*

Section 26. Section 61-3-507, MCA, is amended to read:

"61-3-507. Exemption. (1) ~~A motor vehicle subject to anniversary date registration as provided in 61-3-313 through 61-3-316 is exempt from the provisions of 61-3-503(1)(b).~~

(2) ~~A vehicle that is exempt from taxation under 15-6-215 or subject to the provisions of 61-3-520 is exempt from all other taxes and fees generally imposed on a vehicle by this part."~~

Section 27. Section 61-3-509, MCA, is amended to read:

"61-3-509. Disposition of taxes. (1) Except as provided in subsection (2), the county treasurer shall, after deducting the district court fee, credit all taxes on motor vehicles and fees in lieu of tax on motorcycles, *quadricycles*, motor homes, travel trailers, ~~and campers, buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors~~ collected under 61-3-504, 61-3-521, 61-3-527, ~~and 61-3-537, and [section 33]~~ to a motor vehicle suspense fund; ~~and at. At some time between March 1 and March 10 of each year and every 60 days after that date, the county treasurer shall distribute the money in the motor vehicle suspense fund in the relative proportions required by the levies for state, county, school district, and municipal purposes in the same manner as personal property taxes are distributed.~~

(2) The county treasurer shall deduct as a district court fee 7% of the amount of the 2% tax collected on ~~an automobile or truck having a rated capacity of 1 ton or less~~ *light vehicles*. The county treasurer shall credit the fee for district courts to a separate suspense account and shall forward the amount in the account to the state treasurer at the time that the county treasurer distributes *money from* the motor vehicle suspense fund. The state treasurer shall credit amounts received under this subsection to the general fund to be used for purposes of state funding of the district court expenses as provided in 3-5-901."

Section 28. Section 61-3-520, MCA, is amended to read:

"61-3-520. Taxation of Taxes and fees on vehicles used exclusively in filming motion pictures or television commercials. (1) A vehicle used

exclusively in the filming of motion pictures or television commercials that has been in the state for a period exceeding 180 consecutive days in a calendar year ~~must be assessed~~ *is subject to assessment or a fee in lieu of tax* as if the vehicle were not used exclusively for filming motion pictures or television commercials, but the assessment *or fee in lieu of tax* must be prorated as provided in subsection (2).

(2) The taxes assessed *or the fees in lieu of tax imposed* under subsection (1) must be prorated by dividing the number of days in excess of 180 consecutive days in the calendar year by 365.

(3) (a) Taxes on a vehicle imposed pursuant to this section must be collected as provided in Title 15, chapter 16, part 1, for the collection of personal property taxes generally.

(b) *Fees on a vehicle imposed pursuant to this section must be collected as provided in this chapter.*"

Section 29. Section 61-3-527, MCA, is amended to read:

"61-3-527. Fee in lieu of tax for motorcycles and quadricycles — schedule of fees. (1) (a) There is a fee in lieu of property tax imposed on motorcycles *and quadricycles*. The fee is in addition to annual registration fees.

(b) The fee imposed by subsection (1)(a) ~~need~~ *is not required* to be paid by a dealer for motorcycles *or quadricycles* that constitute inventory of the dealership.

(2) The owner of a motorcycle *or quadricycle* shall pay a fee based on the age of the motorcycle *or quadricycle* and the size of the engine, as follows:

(a) The fee schedule for a motorcycle *or quadricycle* with an engine that measures from 1 cubic centimeter to 600 cubic centimeters is as follows:

- (i) less than 2 years old, \$30;
- (ii) 2 years old and less than 5 years old, \$25;
- (iii) 5 years old and less than 11 years old, \$15; and
- (iv) 11 years old and older, \$10.

(b) The fee schedule for a motorcycle *or quadricycle* with an engine that measures from 601 cubic centimeters to 1,000 cubic centimeters is as follows:

- (i) less than 2 years old, \$70;
- (ii) 2 years old and less than 5 years old, \$55;
- (iii) 5 years old and less than 11 years old, \$40; and
- (iv) 11 years old and older, \$30.

(c) The fee schedule for a motorcycle *or quadricycle* with an engine that measures 1,001 cubic centimeters and larger is as follows:

- (i) less than 2 years old, \$110;
- (ii) 2 years old and less than 5 years old, \$90;

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(iii) 5 years old and less than 11 years old, \$65; and

(iv) 11 years old and older, \$40.

(d) The age of a motorcycle or *quadricycle* is determined by subtracting the manufacturer's designated model year from the current calendar year."

Section 30. Section 61-3-535, MCA, is amended to read:

"61-3-535. Vehicle reregistration by mail — ~~renewal cards reminder notice and reregistration notice by mail.~~ (1) ~~Except as provided in subsection (2), an owner of the following types of motor vehicles may reregister by mail:~~

~~(a) light vehicles, quadricycles, and other vehicles subject to tax under 61-3-504(2); and~~

~~(b) motorcycles, travel trailers, campers, and motor homes subject to a fee in lieu of tax under 61-3-521 and 61-3-527.~~

~~(2) The option to reregister by mail need only be made available for vehicles, motor homes, and travel trailers registered at the close of the expiring registration period in the name of the applicant for reregistration and only if The department may allow the owner of a motor vehicle to renew the registration of a vehicle by mail when the value, age, length, weight, or other criteria used to determine the tax or fee for a particular type of vehicle is available to the department by electronic means.~~

~~(3)(2) The department shall develop a procedure to facilitate the reregistration by mail of the vehicles listed in subsection (1). The Any mail reregistration procedure developed by the department must include a procedure to facilitate automated handling of mail reregistration or recertification.~~

~~(4) The procedure implemented by the department to permit reregistration or camper decal application by mail must and must provide for a written reminder notice by mail to a vehicle owner of the requirement to reregister the owner's vehicle with the county treasurer or to apply for the annual camper decal.~~

~~(5)(3) The department shall adopt rules to implement the mail reregistration and decal application procedure."~~

Section 31. Section 61-3-537, MCA, is amended to read:

"61-3-537. (Temporary) Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to a ~~property~~ tax under 61-3-504(2) at a rate of up to 0.5% of the value determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).

(2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed under 61-3-504(2). The first priority of the local vehicle tax is for district court funding, and the tax is distributed as follows:

(a) 50% to the county; and

(b) the remaining 50% to the county and the incorporated cities and towns within the county, apportioned on the basis of population. The distribution to a

city or town is determined by multiplying the amount of money available by the ratio of the population of the city or town to the total county population. The distribution to the county is determined by multiplying the amount of money available by the ratio of the population of unincorporated areas within the county to the total county population.

(3) The governing body of a county may impose, revise, or revoke a local vehicle tax by adopting a resolution before July 1, after conducting a public hearing on the proposed resolution. The resolution may provide for the distribution of the local vehicle tax. (Terminates June 30, 2005—sec. 2, 3, Ch. 217, L. 1995.)

61-3-537. (Effective July 1, 2005) Local option vehicle tax. (1) A county may impose a local vehicle tax on vehicles subject to a ~~property~~ tax under 61-3-504(2) at a rate of up to 0.5% of the value determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).

(2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed under 61-3-504(2) and is distributed in the same manner, based on the registration address of the owner of the motor vehicle.

(3) The governing body of a county may impose, revise, or revoke a local vehicle tax by adopting a resolution before July 1, after conducting a public hearing on the proposed resolution."

Section 32. Definitions. As used in [section 33] and this section, unless the context requires otherwise, the following definitions apply:

(1) "Bus" has the same meaning as provided in 61-1-115.

(2) "Manufacturer's rated gross combined weight" means the manufacturer's published weight of the allowable load for a truck tractor and trailer combined and includes the weight of the truck tractor and the trailer.

(3) "Manufacturer's rated gross vehicle weight" means the manufacturer's published weight of the allowable load for a truck and includes the weight of the truck.

(4) "Truck" means a motor vehicle designed to carry an entire load. The truck may consist of a chassis and body or a chassis-cab and body or it may be of unitized construction so that the body and cab appear to be a single unit.

(5) "Truck tractor" has the same meaning as provided in 61-1-108.

Section 33. Schedule of fees for buses, motor vehicles having rated capacity of more than 1 ton, and truck tractors — proration — exemption. (1) (a) There is a fee in lieu of property tax imposed on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors. The fee is in addition to annual registration fees.

(b) The fee imposed by subsection (1)(a) is not required to be paid by a dealer of buses, trucks, or truck tractors that constitute inventory of the dealership.

(2) Subject to the conditions of subsection (4), the owner of a bus, truck with a manufacturer's rated capacity of more than 1 ton, or truck tractor shall pay a

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fee in lieu of tax based on the age and manufacturer's rated capacity of the vehicle according to the following schedule:

<u>Age of Vehicle</u> (in years)	<u>Rated Capacity (in pounds)</u>			
	16,999 or less	17,000-26,999	27,000-54,999	55,000 or more
1 or less	\$234	\$334	\$568	\$750
2	218	300	500	600
3	200	268	440	532
4	184	234	368	484
5	166	218	320	390
6	150	200	268	334
7	132	182	234	294
8	116	166	200	250
9	100	150	184	218
10	82	116	158	184
11-12	66	100	134	152
13-14	56	74	104	122
15-16	50	60	76	94
17-18	36	52	58	72
19-20	26	38	44	52
21 or more	20	24	32	40

(3) The age of the vehicle is determined by subtracting the manufacturer's model year of the vehicle from the calendar year for which the fee in lieu of tax is due.

(4) (a) The manufacturer's rated capacity for a bus or truck with a manufacturer's rated capacity of more than 1 ton is the manufacturer's rated gross vehicle weight.

(b) The manufacturer's rated capacity for a truck tractor is the manufacturer's rated gross combined weight.

(5) A motor vehicle brought into the state or otherwise used for the exclusive purpose of filming motion pictures or television commercials is exempt from the fee in lieu of tax if the vehicle does not remain in the state for a period in excess of 180 consecutive days in a calendar year.

(6) Except as provided in 61-3-520, the fee in lieu of tax on a vehicle subject to this section that is brought or driven into this state by a nonresident person for hire, compensation, or profit must be prorated according to the ratio that the

remaining number of months in the year bears to the total number of months in the year.

(7) (a) The fee in lieu of tax on a vehicle subject to this section that is registered in the state for the first time must be prorated as provided in subsection (6).

(b) The fee in lieu of tax on a vehicle subject to this section that is reregistered in the state is for a full year.

(8) The fee in lieu of tax may not be refunded.

Section 34. Assessment of proportionally registered interstate motor vehicle fleets — payment of tax or fee in lieu of tax required for registration. (1) (a) Except as provided in subsection (2), the department of transportation shall determine the fee for the purpose of imposing the fee in lieu of tax as provided in [sections 32 and 33] on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors, in interstate motor vehicle fleets that are proportionally registered under the provisions of 61-3-711 through 61-3-733. The fee must be apportioned on the ratio of total miles traveled to in-state miles traveled as prescribed by 61-3-721. The fee in lieu of tax on interstate motor vehicle fleets is imposed upon application for proportional registration and must be paid by the persons who own or claim the fleet or in whose possession or control the fleet is at the time of the application.

(b) With respect to an original application for a fleet that has a situs in Montana for the purpose of the fee in lieu of tax under this part or any other provision of the laws of Montana, the fee in lieu of tax on fleet vehicles must be prorated according to the ratio that the remaining number of months in the year bears to the total number of months in the year.

(2) For the purpose of taxation, the department of transportation shall assess light vehicles, as defined in [section 16], that are part of an interstate motor vehicle fleet as follows:

(a) The value of each vehicle is determined in the same manner as provided in 61-3-503.

(b) The value determined under subsection (2)(a) multiplied by the percent of miles traveled in Montana, as prescribed by 61-3-721, is the market value.

(c) The sum of the market value of all vehicles subject to tax under this subsection (2) multiplied by 2% is the tax for the entire fleet.

(d) With respect to an original application for a fleet that has a situs in Montana for the purpose of taxation under this part or any other provision of the laws of Montana, the taxes on taxable vehicles are determined as provided in subsection (2)(b).

(e) Vehicles taxed as part of a fleet under this subsection (2) are not subject to the local option tax imposed under 61-3-537.

(3) With respect to a renewal application for a fleet, taxable vehicles are assessed and taxed for a full year and for all other vehicles the fee in lieu of tax is imposed for a full year.

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(4) Vehicles contained in a fleet for which current taxes or fees, or both, have been assessed and paid may not be assessed or charged fees under this section upon presentation to the department of proof of payment of taxes, fees, or both for the current registration year. The payment of fleet vehicle taxes, fees in lieu of tax, and license fees is a condition precedent to proportional registration or reregistration of an interstate motor vehicle fleet.

(5) All taxes and fees collected on motor vehicle fleets under this chapter must be deposited and distributed as provided in [section 36].

Section 35. Situs in state of proportionally registered fleets — collection of taxes and fees. (1) For the purposes of this part, any vehicle previously registered or that has had application for registration made under the provisions of 61-3-711 through 61-3-733 has a situs in Montana for the purposes of taxation or the fee in lieu of tax.

(2) The department of transportation shall collect the fleet vehicle taxes, the fees in lieu of tax, and license fees prescribed in this part.

Section 36. Deposit and distribution of taxes and fees on proportionally registered fleets. The taxes, fees in lieu of tax, and license fees collected under this part must be deposited with the state treasurer for distribution to the general fund of each county on the following basis:

(1) for fleet vehicle taxes and fees in lieu of tax, according to the ratio of the taxable valuation of each county to the total state taxable valuation; and

(2) for fleet vehicle license fees, according to the ratio of vehicle license fees, other than fees derived from interstate motor vehicle fleets, collected in each county to the sum of all fleet vehicle fees collected in all the counties.

Section 37. Section 61-3-701, MCA, is amended to read:

“61-3-701. Foreign vehicles used in gainful occupation to be registered — reciprocity. (1) Before ~~any~~ a foreign licensed motor vehicle may be operated on the highways of this state for hire, compensation, or profit or before the owner ~~and/or~~ or user ~~thereof~~ of the vehicle uses the vehicle if ~~such~~ the owner ~~and/or~~ or user is engaged in gainful occupation or business enterprise in the state, including highway work, the owner of the vehicle shall ~~make application~~ *apply* to a county treasurer for registration upon an application form furnished by the department. Upon satisfactory evidence of ownership submitted to the county treasurer and the payment of ~~property~~ motor vehicle taxes or fees in lieu of taxes, if appropriate, as required by 15-8-201, 15-8-202, 15-24-301, 61-3-504, ~~or~~ 61-3-537, or [section 33], the treasurer shall accept the application for registration and shall collect the regular license fee required for the vehicle.

(2) ~~The~~ Upon payment of the fees or taxes, the treasurer shall ~~thereupon~~ issue to the applicant a copy of the certificate entitled “Owner’s Certificate of Registration and Payment Receipt” and forward a duplicate copy of the certificate to the department. The treasurer shall at the same time issue to the applicant the proper license plates or other identification markers, which ~~shall~~ *must* at all times be displayed upon the vehicle when operated or driven upon roads and highways of this state during the *effective* period ~~of the life~~ of the license.

(3) The registration receipt ~~shall~~ *does* not constitute evidence of ownership but ~~shall~~ *must* be used only for registration purposes. ~~No~~ A Montana certificate of ownership ~~shall~~ *may not* be issued for this type of registration.

(4) This section is not applicable to ~~any~~ *a* vehicle covered by a valid and existing reciprocal agreement or declaration entered into under the provisions of the laws of Montana."

Section 38. Section 61-12-402, MCA, is amended to read:

"61-12-402. Notice to owner. (1) Within 72 hours after ~~any~~ *a* vehicle is removed and held by or at the direction of the Montana highway patrol, the highway patrol shall notify the sheriff of the county in which the vehicle was located at the time it was taken into custody ~~and of~~ the place where the vehicle is being held. In addition, the Montana highway patrol shall furnish the sheriff:

(a) a complete description of the vehicle, including year, make, model, serial number, and license number if available;

(b) any costs incurred to that date in the removal, storage, and custody of the vehicle; and

(c) any available information concerning its ownership.

(2) The sheriff or the city police shall make reasonable efforts to ascertain the name and address of the owner, lienholder, or person entitled to possession of the vehicle taken into custody under 61-12-401. If a name and address are ascertained, the sheriff or the city police shall notify the owner, ~~and~~ lienholder, or person of the location of the vehicle.

(3) If the vehicle is registered in the office of the department, notice is considered to have been given when a ~~registered or~~ certified letter addressed to the registered owner of the vehicle and lienholder, if any, at the latest address shown by the records in the office of the department, return receipt requested and postage prepaid, is mailed at least 30 days before the vehicle is sold.

(4) If the identity of the last-registered owner cannot be determined, if the registration does not contain an address for the owner, or if it is impossible to determine with reasonable certainty the identity and addresses of all lienholders, notice by one publication in one newspaper of general circulation in the county where the motor vehicle was abandoned is sufficient to meet all requirements of notice pursuant to this part. The notice by publication ~~can~~ *may* contain multiple listings of abandoned vehicles. The notice must be provided in the same manner as prescribed in 25-13-701(1)(b).

(5) If the abandoned vehicle is in the possession of a motor vehicle wrecking facility licensed under 75-10-511, the wrecking facility may make the required search to ascertain the name and address of the owner, lienholder, or person entitled to possession of the vehicle and shall give the notices required in subsections (2) through (4). The wrecking facility shall deliver to the sheriff or the city police a certificate describing the efforts made to ascertain the name and address of the owner, lienholder, or person entitled to possession of the vehicle and shall deliver to the sheriff or the city police proof of the notice given.

(6) A vehicle found by law enforcement officials to be a "junk vehicle", as defined by 75-10-501, and ~~certified as having an appraised~~ *that has a* value of \$500 or less, as determined by the department of revenue, may be directly submitted for disposal in accordance with the provisions of ~~part 5 of chapter 10,~~ Title 75, *chapter 10, part 5*, upon a release given by the sheriff or the city police. In the release, the sheriff or the city police shall include a description of the vehicle, including year, make, model, serial number, and license number if available. A release provided by the sheriff or the city police under this section must be transmitted to the motor vehicle wrecking facility and must be considered by that facility to meet the requirements for records under 75-10-512 and 75-10-513. Vehicles described in this section may be submitted *for disposal* without notice and without a required holding period."

Section 39. Legislative audit committee analysis. (1) The legislative audit committee shall conduct or have conducted an analysis of alternative methods of classification, valuation, and taxation of automobiles and trucks having a manufacturer's rated capacity of 1 ton or less. The analysis must include:

- (a) alternative methods of valuation and taxation;
- (b) imposition of a flat tax or fees in lieu of taxes;
- (c) multiyear licensing;
- (d) cost-effectiveness and public convenience of alternative methods of classifying motor vehicles and of collecting motor vehicle taxes or fees;
- (e) anticipated costs and revenue of alternative systems compared with the present system of classifying, valuing, and taxing motor vehicles; and
- (f) alternative methods for formulas based on revenue allocations to counties.

(2) The committee shall report the results of its analysis to the 56th legislature.

Section 40. Codification instruction. (1) [Sections 16 and 17] are intended to be codified as an integral part of Title 61, chapter 1, part 1, and the provisions of Title 61, chapter 1, part 1, apply to [sections 16 and 17].

(2) [Sections 32 and 33] are intended to be codified as an integral part of Title 61, chapter 3, part 5, and the provisions of Title 61, chapter 3, part 5, apply to [sections 32 and 33].

(3) [Sections 34 through 36] are intended to be codified as an integral part of Title 61, chapter 3, part 7, and the provisions of Title 61, chapter 3, part 7, apply to [sections 34 through 36].

Section 41. Repealer. Sections 15-24-101, 15-24-102, 15-24-103, 15-24-104, 15-24-105, and 15-24-2501, MCA, are repealed.

Section 42. Effective dates — applicability — rulemaking. (1) Except for the purposes of subsection (2), [this act] is effective January 1, 1998, and applies to tax years beginning after December 31, 1997.

(2) For the purposes of promulgating administrative rules under 61-3-506 and conducting the analysis required by [section 39], [sections 25 and 39 and this section] are effective on passage and approval.

Approved May 1, 1997

CHAPTER NO. 497

[SB 97]

AN ACT GENERALLY REVISING THE WATER LAWS TO CLARIFY THAT THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION MAY ISSUE WATER PERMITS AND CHANGE AUTHORIZATIONS PRIOR TO THE COMPLETION OF AN ADJUDICATION IN A SOURCE OF SUPPLY; CLARIFYING THAT WATER RESERVED UNDER STATE LAW IS NOT SYNONYMOUS WITH FEDERAL AND INDIAN RESERVED WATER RIGHTS UNDER FEDERAL LAW; REQUIRING A WATER JUDGE TO GIVE PRIORITY OVER OTHER ADJUDICATION ISSUES TO ISSUES CERTIFIED TO THE DISTRICT COURT BY THE DEPARTMENT; ALLOWING THE DEPARTMENT TO NEGOTIATE INTERIM AGREEMENTS WITH TRIBAL GOVERNMENTS; AMENDING SECTIONS 85-2-101, 85-2-102, 85-2-217, 85-2-228, 85-2-301, 85-2-309, 85-2-311, 85-2-313, 85-2-316, 85-2-321, 85-2-329, 85-2-331, 85-2-336, 85-2-340, 85-2-341, 85-2-342, 85-2-401, AND 85-2-402, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

WHEREAS, the Montana Supreme Court, in In the Matter of the Application for Beneficial Water Use Permit Nos. 66459-76L, Ciotti; 64988-g76L, Starnes; and Application for Change of Appropriation Water Right No. G15152-s761, Pope, which was decided August 22, 1996, held that an applicant for a permit or change of use authorization on the Flathead Indian Reservation may not as a matter of law meet the applicant's burden of proof to establish that the proposed use will not interfere unreasonably with planned uses or developments for which water has been reserved until the Confederated Salish and Kootenai Tribes' federal reserved water rights are quantified; and

WHEREAS, in 1973, Montana enacted comprehensive legislation referred to as the Montana Water Use Act of 1973, codified in Title 85, chapter 2, to implement Article IX, section 3(4), of the Montana Constitution, which requires that the Legislature provide for the administration, control, and regulation of water rights and establish a system of centralized records of all water rights, and to implement Article IX making the water of the state subject to appropriation for beneficial use by its citizens; and

WHEREAS, Title 85, chapter 2, as amended, provides for the comprehensive adjudication of water rights and the continued development of Montana's water resources through a permit and change authorization process; and

WHEREAS, historically in Montana, water has been developed, water use rights acquired, and changes in water use completed in the absence of the adjudication of water rights in a source of supply; and

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